KNIGHT THERAPEUTICS INC.

ANNUAL INFORMATION FORM
FISCAL YEAR ENDED DECEMBER 31, 2021

March 24, 2022

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Cautionary Note Regarding Forward Looking Statements

Any statements made in this annual information form ("AIF") that are not statements of historical fact or that refer to estimated or anticipated future events are forward-looking statements. The Corporation has based its forward-looking statements on management's beliefs and assumptions based on information available to its management at the time these statements are made. Such forward-looking statements reflect the Corporation's current perspective of our business, future performance, existing trends and information as of the date of this AIF. These include, but are not limited to, the Corporation's beliefs about future revenue and expense levels and growth rates, prospects related to its strategic initiatives and business strategies, including the integration of, and synergies associated with, strategic acquisitions, express or implied assumptions about government regulatory action or inaction, anticipated product approvals and launches, business initiatives and product development activities, assessments related to clinical trial results, product performance and competitive environment, and anticipated financial performance. Without limiting the generality of the foregoing, words such as *"may", "will", "expect", "believe", "anticipate", "intend", "could", "would", "estimate", "continue",* or *"pursue",* or the negative or other variations thereof or comparable terminology, are intended to identify forward-looking statements. The statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy. The Corporation cautions the reader that these statements are based on certain assumptions, risks and uncertainties, many of which are beyond the Corporation's control, such as statements about impacts of the COVID-19 pandemic on the business operations, financial results and on the global supply chain. In addition, certain important factors may affect the Corporation's actual operating results and could cause such results to differ materially from those expressed or implied by forward-looking statements. The Corporation believes the risks and uncertainties discussed under the section entitled "Risks Related to Knight's Business" and other risks and uncertainties detailed herein and from time to time in the Corporation's SEDAR filings, may cause its actual results to vary materially from those anticipated in any forward-looking statement. The Corporation disclaims any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

GLOSSARY OF ABBREVIATIONS

In this AIF, unless the context otherwise requires, the following terms shall have the meanings set forth below:

Abbreviation	Entity
60P	60^{o} Pharmaceuticals, LLC
Abir	Abir Therapeutics Ltd.
Antibe	Antibe Therapeutics Inc.
Ardelyx	Ardelyx, Inc.
BMS	Bristol-Myers Squibb
Crescita	Crescita Therapeutics Inc.
Forbion	Forbion Capital Partners
GBT	Biotoscana Investments S.A.
Genesys	Genesys Capital Management Inc.
HarbourVest	HarbourVest Partners LLC
Knight or the Corporation or the Company	Knight Therapeutics Inc.
Knight International Barbados	Knight Therapeutics International S.A (Barbados) Inc.
Knight USA	Knight Therapeutics (USA) Inc.
Medimetriks	Medimetriks Pharmaceuticals, Inc.
Medison	Medison Biotech (1995) Ltd.
Moksha8	Moksha8, Inc.
NEMO II	New Emerging Medical Opportunities Fund II Ltd.
NEMO III	New Emerging Medical Opportunities Fund III Ltd.
NeurAxon	NeurAxon Inc.
Origin	Origin BioMed Inc.
Paladin	Paladin Labs Inc.
Profound	Profound Medical Inc.
Puma	Puma Biotechnology, Inc.
Sanderling	Sanderling Ventures, LLC
Sectoral	Sectoral Asset Management Inc.
Synergy	Synergy CHC Corp.
Teralys	Teralys Capital
Triumvira	Triumvira Immunologics Inc.
TVM	TVM Capital Capital GmbH
TXMD	TherapeuticsMD, Inc

Abbreviation	Currency
$	Canadian Dollar
ARS	Argentine Peso
BOB	Bolivian Boliviano
BRL	Brazilian Real
C$ or $	Canadian Dollar
CHF	Swiss Franc
CLP	Chilean Peso
COP	Colombian Peso
EUR	Euro
MXN	Mexican Peso
PEN	Peruvian Sol
PYG	Paraguayan Guarani
US$	U.S. Dollar
UYU	Uruguayan Peso

Abbreviation	Territory
CAN	Canada
LATAM	Latin America
U.S.	United States of America

Abbreviation	Other
API	Active pharmaceutical ingredient
ART	Antiretroviral Therapy
ANMAT	Administración Nacional de Medicamentos, Alimentos y Tecnología Médica (Argentina's health authority regulatory agency)
ANVISA	Agencia Nacional de Vigilancia Sanitaria (Brazil's health authority regulatory agency)
B3	B3 S.A. – Brasil, Bolsa, Balcão
CBCA	Canada Business Corporations Act
CEO	Chief Executive Officer
COFEPRIS	Comisión Federal para la Protección contra Riesgos Sanitarios (Mexico's health authority regulatory agency)
Common Share	Common share of Knight Therapeutics Inc.
CMED	Câmara de Regulação do Mercado de Medicamentos (CMED)
CRA	Canada Revenue Agency
DSCSA	United States Drug Supply Chain Security Act
EMA	European Medicines Agency
FDA	U.S. Food and Drug Administration
Financial Statements	Annual audited consolidated financial statements
Formulary	An official list of drugs established by a provincial government or a private insurance company plan, the cost of which will be reimbursed by them for the benefit of eligible patients
Generic Drug/ Gx	A drug that, in comparison with an Innovative Drug, contains identical amounts of the identical medicinal ingredients, in comparable dosage forms, but does not necessarily contain the same non-medicinal ingredients and which is interchangeable with the said Innovative Drug
GMP	The acronym for Good Manufacturing Practices, which are the standards established by health authorities under which drugs can be developed, manufactured, packaged, analyzed, stored and shipped
HIV	Human immunodeficiency virus infection

Abbreviation	Other
HMO	Health Maintenance Organization
HTA	Health Technology Assessment
IBS-C	Irritable Bowel Syndrome with Constipation
IFRS	International Financial Reporting Standards
IMC	Innovative Medicines Canada
IQVIA	IQVIA Holdings, Inc. a leading pharmaceutical market research organization
Innovative Drug	A drug that usually enjoys proprietary barriers to entry, including regulatory or patent derived market exclusivity, novelty or brand differentiation
INVIMA	Instituto Nacional de Vigilancia de Medicamentos Y Alimentos (Colombia's health authority regulatory agency)
MD&A	Management Discussion and Analysis
NAV	Net Asset Value
NCIB	Normal Course Issuer Bid
NDA	New Drug Application
NDS	New Drug Submission
OTC	Over-the-counter medicines sold directly to a consumer without a prescription from a healthcare professional
PMPRB	The acronym for Patented Medicine Prices Review Board, which is an independent quasi-judicial body that oversees pricing of patented pharmaceuticals in Canada
PhRMA	Pharmaceutical Research and Manufacturers of America association
Products	Prescription pharmaceuticals, OTC pharmaceuticals, consumer health products, medical devices and diagnostics
PRV	Priority Review Voucher
PSA	Prostate specific antigen
QRA	Quebec Revenue Agency
TPD	Health Canada's Therapeutic Products Directorate
TSX	The acronym for the Toronto Stock Exchange, a Canadian senior equities market
TSX-V	The acronym for the TSX Venture Exchange, a Canadian equities market

CORPORATE STRUCTURE

Knight Therapeutics Inc. ("Knight" or the "Corporation") was incorporated under the CBCA on November 1, 2013. On February 28, 2014, the Corporation ceased to be a wholly-owned subsidiary of Paladin immediately following a court approved plan of arrangement under Section 192 of the CBCA, and its common shares were listed on the TSX-V the same day. On April 29, 2014, the Corporation's common shares were up-listed from the TSX-V to the TSX. The articles of the Corporation have been amended several times, and most recently the Corporation amalgamated with NeurAxon on January 1, 2015. The Corporation's registered offices are located at 3400 De Maisonneuve Blvd. W., Suite 1055, Montreal, Québec H3Z 3B8.

On November 29, 2019, Knight completed the acquisition of a 51.2% interest (the "**Transaction**") in Biotoscana Investments S.A. ("**GBT**") from a controlling shareholder group that included Advent International and Essex Woodlands, among others. The remaining 48.8% of GBT was publicly-held and traded on B3 S.A. – Brasil, Bolsa, Balcão ("**B3**"), Brazil's main stock exchange through Brazilian Depository Receipts ("**BDRs**") and on the Luxembourg Stock Exchange – Euro MTF market (the "**Euro MTF**"). On July 15, 2020, the Company announced the launch of the tender offer for the acquisition and delisting of all outstanding BDR of Biotoscana Investments S.A (the "Unified Tender Offer"). Upon close of the tender offer process, 99.6% of the public shareholders tendered their BDRs and as a result Knight obtained 99.9% ownership of GBT. On October 23, 2020, the BDR program of GBT was cancelled by the Brazilian Securities and Exchange Commission.

Please see below an organizational chart showing the intercorporate relationships of Knight as at December 31, 2021. Knight wholly-owns Knight International, Knight USA, Abir and has a 99.9% ownership of GBT and its subsidiaries.

Subsidiary	Jurisdiction of Incorporation	Percent ownership
Knight Therapeutics International S.A.[1]	Uruguay	100%
Knight Therapeutics USA Inc.	Delaware	100%
11718991 Canada Inc.	Canada	100%
Biotoscana Investments S.A.	Grand Dutchy of Luxembourg	99.9%
Abir Therapeutics Ltd.	Israel	100%
Biotoscana Ecuador S.A.	Ecuador	99.9%
Biotoscana Farma de Perú S.A.C.[2]	Perú	99.9%
Biotoscana Farma S.A.	Argentina	99.9%
Biotoscana Farma S.A.	Colombia	99.9%
Biotoscana Colveh 1 S.A.S	Colombia	99.9%
Biotoscana Colveh 2 S.A.S	Colombia	99.9%
Biotoscana Colveh 3 S.A.S	Colombia	99.9%
Biotoscana Colveh 4 S.A.S	Colombia	99.9%
Biotoscana Uruguay S.A.	Uruguay	99.9%
Grupo Biotoscana Costa Rica S.R.L.	Costa Rica	99.9%
Grupo Biotoscana de Especialidad S.A. de C.V.	México	99.9%
Grupo Biotoscana Panamá S.A.	Panamá	99.9%
Grupo Biotoscana S.L.U.	Spain	99.9%
Laboratorio Biotoscana Farma S.p.A.	Chile	99.9%
Laboratorio LKM S.A.	Argentina	99.9%
Latin American Pharma Company ETVE S.L.U.	Spain	99.9%
Laboratorio LKM Bolivia S.A.	Bolivia	99.9%

All dollar amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

Subsidiary	Jurisdiction of Incorporation	Percent ownership
Laboratorio LKM Chile S.p. A.	Chile	99.9%
LKM Laboratorios Ecuador S.A.	Ecuador	99.9%
Laboratorio LKM Paraguay S.A.	Paraguay	99.9%
GBT - Grupo Biotoscana S.A.	Uruguay	99.9%
UM - Industria e Distribuidora de Medicamentos	Brazil	99.9%
United Medical Ltda.	Brazil	99.9%
Knight Therapeutics International S.A.	Uruguay	99.9%
Knight Therapeutics USA Inc.	Delaware	99.9%
11718991 Canada Inc.	Canada	99.9%

[1] Company re-domiciled to Uruguay as of January 14, 2021, and its name changed from Knight Therapeutics Barbados Inc. to Knight Therapeutics International S.A. ("Knight International")
[2] LKM Perú S.A. merged with Biotoscana Farma de Perú S.A.C. in March 2021
[3] In February 2022, the Company acquired the remaining interest of 0.1% of Biotoscana Investments S.A.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Knight was founded in 2014 to become a leading rest of world specialty pharmaceutical company focused on acquiring, in licensing, out-licensing, marketing, and commercializing pharmaceuticals products in Canada, Latin America and select international markets. Since founding, Knight has been focused on building a portfolio of innovative products through in-licensing or acquiring product rights. Knight operates in the fast-growing Latin American countries, through its fully-owned subsidiary GBT, in market segments such as oncology and hematology, infectious diseases, and other specialty therapeutic areas. GBT is currently present throughout 10 Latin American countries where it operates through four companies, namely, Biotoscana, United Medical, LKM and DOSA.

Since inception, the Corporation has raised gross proceeds of $685,128 through issuance of 109,298,800 common shares at prices ranging from $3.50 to $10.00. To date, the Corporation has acquired under its NCIB programs a total of 26,253,543 Common Shares at an average price of $6.13 for total cash proceeds of $161,028. The details of the NCIB programs are as follows:

Launch Date	Status	Common Shares Acquired	Average Price ($)	Total Cash Consideration ($)
July 11, 2019	Completed	12,053,692	7.14	86,094
July 10, 2020	Completed	6,193,169	5.33	32,991
July 12, 2021	Active	8,006,682	5.24	41,943

On December 23, 2020, Corporation announced filing of the Shelf Prospectus which enables Knight to offer for sale up to $360 million of common shares, subscription receipts and debt securities of Knight during the 25-month period after filing of the shelf.

Knight has committed to invest over $126,000 with nine life sciences debt or equity fund managers all of which can leverage their broad life sciences industry experience and existing relationships with key life science companies to help secure Product rights for the Corporation. During 2019, Knight determined that while the fund strategy has been financially successful, the strategy has not been successful from a business development perspective as it has led to only two product license agreements. Consequently, Knight will not be investing in any new venture capital funds. Since the inception, the Corporation has invested $147,191 in strategic funds and received distributions of $118,873 on which a gain of $61,635 has been realized. Furthermore, as at December 31, 2021, the fund

All dollar amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

investments were recorded at their fair value of $151,389 including a unrealized gains of $61,436 and Knight has approximately $17,785[1] of unfunded commitments that may be called over the life of the funds. In 2021 NEMO II managed by Sectoral Asset Management was liquidated upon maturity. The final distribution from Nemo II of $10,906 (US$8,774) was received in the fourth quarter of 2021. The maximum remaining life of the funds varies from 2 years to 10 years.

Knight has also invested over $170,000 through strategic debt financing to over a dozen companies with the objective of deploying capital in low risk, fair return opportunities while helping to secure Canadian and select international product rights. As at December 31, 2021, Knight has a $33,691 nominal loan balance receivable from four strategic loans outstanding.

During 2021, Knight continued building its infrastructure to support its ability to acquire, in-license and commercialize innovative products for the Canadian and LATAM market. The Corporation continued to advance its product portfolio with the in-licensing of tafasitamab and pemigatinib for Latin America, the regulatory approvals from Health Canada for Nerlynx® for HER2-positive metastatic breast cancer and INVIMA for Lenvima® and Halaven® in Colombia.

In May 2021, Knight built on its pan-American (ex-US) business platform with the acquisition of the exclusive rights to manufacture, market and sell Exelon® (rivastigmine) in Canada and Latin America, as well as an exclusive license to use the intellectual property and the Exelon trademark in the same territories. Exelon is a prescription product that was first approved in 1997 and is indicated for the symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease. The product was acquired for a total cash consideration of $217,331 (USD $180 million).

Three Year History

Fiscal 2019

Strategic Acquisitions

On October 21, 2019, the Corporation announced that it had entered into an agreement to acquire a controlling interest in GBT, a pan-Latin American specialty pharmaceutical company. GBT operates in the fast-growing Latin American region and focuses on rapidly growing market segments such as oncology and hematology, infectious diseases, and other specialty therapeutic areas. GBT is currently present throughout 10 Latin American countries where it operates under its companies Biotoscana, United Medical, LKM and DOSA. On November 29, 2019, Knight acquired 51.2% of GBT. On December 20, 2019, the Corporation announced that it had submitted to B3 the authorization request to carry out the Unified Tender Offer to acquire the remaining 48.8% of GBT. The Corporation expects that it will complete the acquisition of the balance of GBT during 2020. For the year ended December 31, 2019, GBT had revenues of $250,498 (BRL 743 million) and net income of $539 (BRL 1.6 million).

The purchase price per share paid by the Company at closing was $3.48 (BRL 10.96), for an aggregate purchase price of $189,024 (BRL 595,662), which was funded entirely from the Company's cash on hand. An amount equivalent to 20% of the Purchase Price was deposited in escrow to secure the sellers' indemnification obligations under the purchase agreement for the GBT Transaction. The escrow amount releases equally over a period of three years from closing, net of claims in accordance with the terms and conditions of the Share Purchase Agreement. The

[1] Based on December 31, 2021 closing foreign exchange rate

United Tender Offer is at similar terms as the Transaction plus interest at the Selic rate calculated from November 29, 2019 until the settlement date. Alternatively, the BDR holders may opt to be paid in cash on the settlement date an amount of BRL10.15 per BDR plus interest at the Selic rate calculated from November 29, 2019. As at December 31, 2019, the United Tender Offer liability recorded by Knight was $184,023 (BRL569,155).

Strategic Loans

In February 2019, the Corporation entered into a strategic loan with Moksha8, a specialty pharmaceutical company operating in Brazil and Mexico. Under the terms of the agreement, Knight may loan up to $32,470 (US$25,000) in working capital funding and an additional $129,880 (US$100,000) at Knight's sole discretion for corporate development and the acquisition of product licenses in LATAM. In conjunction with the strategic financing agreement, Knight received warrants at an exercise price of US$0.01 per warrant representing 5% of the fully diluted shares of Moksha8. As at December 31, 2019, the total nominal loan balance outstanding was $15,577 (US$11,993).

In addition, the Corporation entered into a strategic loan for $6,585 (US$5,000) with Triumvira, a private company with the vision of developing novel T-cell therapies that are safer and more efficacious than current gene therapy cancer treatments. In addition, the Corporation entered into an exclusive license agreement to commercialize Triumvira's future approved products for Canada, Israel, Mexico, Colombia and for TAC01-CD19 for Israel, Mexico, Brazil and Colombia.

Products

In January 2019, the Corporation announced an exclusive license agreement with Puma for the right to commercialize Nerlynx® (neratinib) in Canada. Puma filed an NDS for Nerlynx® with Health Canada in July 2018 for the extended adjuvant treatment of adult patients with early stage HER2-overexpressed/amplified breast cancer following adjuvant trastuzumab-based therapy. In July 2020, the Corporation announced that Health Canada had approved Nerlynx®. The Corporation began limited commercialization efforts in 2020 in advance of private reimbursement.

During 2019, the Corporation submitted New Drug Submissions for three innovative products to Health Canada: Ibsrela® for the treatment of IBS-C; Imvexxy™ for the treatment of moderated to severe dyspareunia, a symptom of vulvar and vaginal atrophy, due to menopause; and, Bijuva®, a bio-identical hormone therapy combination of estradiol and progesterone in a single, daily oral capsule intended for the treatment of moderate to severe vasomotor symptoms associated with menopause in women with intact uteri.

Fiscal 2020

S*trategic Acquisitions*

Following the 51.2% acquisition of GBT, on December 20, 2019, the Corporation announced that it had submitted to B3 the authorization request to carry out the Unified Tender Offer to acquire the remaining 48.8% of GBT. The Unified Tender Offer was launched on July 15, 2020 and the settlement of the Tender Offer was completed on August 18 ,2020. Upon close of the tender offer process, 99.6% of the public shareholders tendered their BDRs through the Alternative Offer Price (BRL10.40 per BDR in cash on the settlement date). The Company paid an aggregate purchase price of $170,855 [BRL 537,523] and obtained 99.9% ownership of GBT. On October 23, 2020, the BDR program of GBT was cancelled by the Brazilian Securities and Exchange Commission.

Strategic Loans

On February 20, 2019, the Company entered into a secured loan agreement with Triumvira for $6,585 [US$5,000] for the development of its novelty T cell therapies ("Triumvira Loan Agreement"). The loan was recorded at a relative fair value of $6,264 [US$5,000] upon initial measurement and subsequently accounted for at FVTPL. In addition, Knight received warrants to purchase 3.5% of Triumvira's fully diluted common shares and the exclusive rights to commercialize Triumvira's future products in select countries. On April 16, 2020, Triumvira repaid the loan and all remaining accrued interest as at the date thereof.

In addition, on May 8, 2020, the Company amended certain terms of the loan with Synergy and issued an additional loan of $3,457 [US$2,500] which bears interest at 12.5% per annum and matures on May 8, 2021. The Corporation initially issued a secure loan to Synergy in 2017 of $12,705 [US$10,000] with an annual interest rate of 10.5% for a three-year term.

Products

On January 8, 2020, Knight announced that the Company entered into an agreement with Debiopharm for the Canadian commercial rights of Trelstar®(tripotorelin), for the treatment of advanced prostate cancer and the management and relief of chronic pain associated with endometriosis. On April 20, 2020, the Company announced that it took over commercial activities from Debiopharm's previous partner, Allergan and is commercializing Trelstar® in Canada.

In the first quarter of 2020 the Corporation launched Cresemba® (isavuconazonium sulfate) in Brazil which was licensed from Basilea Pharmaceuticals for the treatment of invasive aspergillosis and invasive mucormycosis. In Argentina, Knight also launched Karfib® (carfilzomib), which is indicated for relapsed or refractory myeloma.

During the year, the Corporation received a regulatory approval from Health Canada for Ibsrela ® (tenapanor) for the treatment of IBS-C. as well as a regulatory approval for Imvexxy™ (estradiol) and Bijuva™. (combination of estradiol and progesterone) Knight also submitted a supplement to an NDS for Nerlynx® for HER2-positive metastatic breast cancer. Moreover, the Corporation obtained a regulatory approval for Lenvima®(lenvatinib) and Halaven® (eribulin mesylate) in Ecuador.

On October 26, 2020, Knight signed a new exclusive distribution agreement with Gilead Sciences, Inc. (for the commercialization of AmBisome® (liposomal amphotericin B) in Brazil. The agreement is effective starting January 1, 2021.

Fiscal 2021

Strategic Funds

On November 16, 2021, the Company received a final distribution from its first strategic fund investment, NEMO II upon its liquidation. During the life of NEMO II, Knight invested $15,434 (US$ 13,880) and received total distribution payments of $27,092 (US$ 22,506) from this investment. As at December 31, 2021, Knight's fair market value of its fund investments is $151,389 and has a remaining commitments of $17,785 to nine life sciences debt or equity fund managers.

Products

On May 26, 2021, the Company entered into an agreement with Novartis to acquire the exclusive rights to manufacture, market and sell Exelon®, in Canada and Latin America as well as an exclusive license to use the intellectual property and the Exelon trademark, from Novartis within those territories. Exelon® is a prescription product that was first approved in 1997 and is currently registered and sold in approximately 90 countries. Exelon is indicated for the symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease.

On September 22, 2021, Knight entered into a definitive agreement with Incyte for the exclusive rights to distribute tafasitamab (sold as Monjuvi® in the United States and Minjuvi® in Europe) and pemigatinib (Pemazyre®) for Latin America. Under the terms of the agreement, Knight will be responsible for seeking the necessary regulatory approvals and distributing both products in Latin America. Tafasitamab in combination with lenalidomide is approved in the United States and Europe for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma ("DLBCL") who are not eligible for autologous stem cell transplant (ASCT). Pemigatinib is approved in the United States, Europe and Japan for the treatment of adult patients with locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 ("FGFR2") fusion or rearrangement that have progressed after at least one prior line of systemic therapy.

In January 2022, Knight announced that it obtained regulatory approval in Colombia from INVIMA for Halaven® and Lenvima®. Halaven® was approved for the treatment of adult patients with locally advanced or metastatic breast cancer which has continued to spread after at least two previous treatments for advanced cancer while Lenvima® was approved for the treatment of radioiodine refractory differentiated thyroid cancer (RR-DTC) and unresectable hepatocellular carcinoma (u-HCC).

DESCRIPTION OF THE BUSINESS

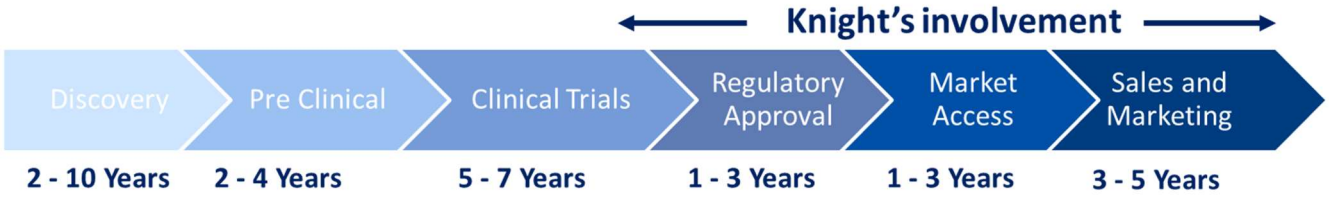
Knight Therapeutics Inc. is a specialty pharmaceutical company, headquartered in Montreal, Canada, and listed on the Toronto Stock Exchange under the ticker symbol "GUD". The Company operates in Canada, Latin America and select international markets and the activities performed are as follows:

- Principal business activity is developing, acquiring, in-licensing, out-licensing, manufacturing, marketing and distributing pharmaceutical products in Canada, Latin America and select international markets.
- Finances other life sciences companies with the goal of strengthening relationships in the life science industry and securing product distribution rights for Canada and select international markets.
- Invested in life sciences venture capital funds whereby the Company may receive preferential access to innovative healthcare products for Canada and select international markets.
- Develops innovative pharmaceutical products including those to treat neglected tropical and rare pediatric diseases.

In 2019 the Corporation executed on its rest of the world strategy by acquiring a 51.2% interest in GBT, a Latin American specialty pharmaceutical company headquartered in Montevideo, Uruguay, operating in 10 countries in Latin America. In 2020, Knight acquired the remaining stake in GBT. GBT markets and sells licensed innovative products and engages in development, manufacturing and marketing of specialty branded generic products. GBT's business model focuses on therapeutic areas covering covering oncology and hematology, infectious diseases, and other specialty. This transaction represents a transformative acquisition and the Corporation's most important step to date towards executing on its strategy of building a specialty pharmaceutical company.

Knight's Focus

Knight focuses on in-licensing of late-stage innovative assets in order to mitigate clinical, regulatory and commercial risk. Although Knight's focus is on late-stage innovative products, the Corporation also invests in development of branded generics in Argentina and other Latin American markets since these products generate stable earnings without the inherent risk involved in developing innovative products.



The Innovative Drug Industry

In developed countries, patent and regulatory legislation offers Innovative Drug developers a period of market exclusivity to provide incentives to pharmaceutical companies to take on the high risks, substantial costs and relatively long timeframes associated with developing Innovative Drugs. Such market exclusivity enables Innovative Drug marketers to focus on the sales and marketing of their approved products.

In LATAM market, the patent protection is not as common as in developed countries. Some countries like Brazil and Mexico, have stronger patent protection laws than certain others, like Argentina. As a result, relatively small number of products are marketed under patents in LATAM. Data exclusivity and trademark registrations are more often relied upon for the protection of intellectual property.

In the Innovative Drug industry, core competencies are required in science, to successfully develop new drugs, in medical and regulatory affairs, to obtain marketing approval, and in market access, sales and marketing, to receive reimbursement and drive prescription volumes. Fully integrated pharmaceutical companies build all of these core competencies, while others focus on specific areas of the value chain. For example, biotech companies focus on the development of new drugs derived from either biotechnology or chemistry. Specialty pharmaceutical companies focus on understanding the dynamics of end-users, obtaining reimbursement and building distribution networks.

In order for pharmaceutical companies to launch new drugs, a rigorous approval process must be undertaken with the national regulatory authorities in the countries in which the products will be marketed. IMC, a Canadian-based pharmaceutical industry group, estimates that it takes, on average, ten to fifteen years for an experimental drug to advance from the laboratory to the market, that less than five out of five thousand compounds that are screened eventually progress to human testing and that only one of such compounds is ultimately approved for sale. Generally, pre-clinical studies may take place over a three to six-year period. Thereafter, and depending on the success rate of the pre-clinical studies, the actual phase I, phase II and phase III clinical trials may take up to seven years. In addition, the regulatory review and approval process by the FDA and the TPD, or the Latin American health agencies, such as ANVISA, ANMAT, COFEPRIS or INVIMA, could take an additional one to three years. Finally, there may be post-marketing phase IV clinical studies required by both health agencies to strengthen marketing claims of approved products and/or risk management plans or patient registries to monitor drug safety. By focusing on late-stage drugs, the Corporation believes that its risk exposure, costs and time frames for approval may be reduced.
During the past decade, the pharmaceutical industry has continued to consolidate. The Corporation believes that this consolidation is being driven by a desire among pharmaceutical companies to (i) gain access to promising

product pipelines in key therapeutic categories, (ii) add sales and marketing capabilities in other territories, and (iii) reduce costs through economies of scale and synergies.

Industry consolidation has increased the level of sales necessary for an individual product to justify active marketing and promotion by large pharmaceutical companies. This has led large pharmaceutical companies to focus their marketing efforts on drugs with high potential sales, new product launches and products which fit within core therapeutic or marketing areas. These pharmaceutical companies may seek to divest small or non-strategic product lines which, the Corporation believes, can be highly profitable for specialty pharmaceutical companies that focus on developing expertise in specialty therapeutic fields.

Branded Generic Industry

Generic drugs are normally commercialized and known by their chemical name or international nonproprietary name, have the same active ingredient, concentration, pharmaceutical form and dosage and are used for the same indications as the Innovative Drug. They are equivalent to the Innovative Drug but may differ in size, shape, packaging and period of activity. Generics are pharmaceutically equivalent to an Innovative Product. In developing countries, including Latin America, health regulations allow manufacturers to commercialize generic drugs with a brand name, branded generics. Branded generics are a given a brand name to differentiate the product from ordinary generics (which are also commercialized in these markets) or other branded generics. The brand name is seen as an indicator of quality and leads to patient and physician loyalty. In certain developing countries, ordinary generics are commonly sold into public institutions and through government tender and branded generics are sold in private institutions or paid for by patients who will pay more for the better quality associated with the brand. Regulations in Latin American countries vary as to the level of studies that need to be conducted to obtain approval of a generic (branded or otherwise) product. In certain countries in Latin America, branded generic manufacturers are required to provide *in vitro* studies of equivalence, whereas in other countries the manufacturer is required to provide *in vivo* bio-equivalence studies. Depending on the type of studies and regulatory review times, it may take between 2-4 years from launch of development effort to approval and launch of a branded generic product. Similar to Innovative Drug, branded generics are marketed to physicians on the basis of quality and name recognition but rely on the efficacy of the Innovative Drug. For example, Exelon® already has two branded generic competitors in Colombia and may face new branded generic competitors in other countries. The market for branded generics is highly competitive in Latin America with several large well-funded local companies and multi-nationals with expertise in development and commercialization, including Tecnofarma, Eurofarma, Gador, Laboratorios Bago, Sandoz, Cipla, Dr. Reddy and Teva. Competitors in the branded generic industry strive to be first to market in order to gain the most market share before new entrants arrive. As new entrants launch their own branded generic of a certain molecule, manufacturers may discount products to retain market share.

Pharmaceutical markets in which Knight operates

The Corporation believes that as multinational pharmaceutical companies continue to increase in size, their threshold for desirable products and the target market size of innovative products increases. Many products do not address sufficiently large market potential and are overlooked by multinational pharmaceutical and biotech companies. Thus, the Corporation believes that these dynamics create an opportunity for specialty pharmaceutical companies such as Knight. The size of pan-American (ex-US) market represents 6% of the global pharmaceutical market[1] for 2021.

[1] Source: IQVIA

The Canadian Pharmaceutical Market

CANADA	
Market Size & Population	• Total Canadian sales of pharmaceutical products amounted to $34 billion (US$27.2 billion) for the twelve-month period ended September 2021, an increase of 4% from the previous year[1]. • In 2021, Canada had population of 38.3M and a GDP per capita estimated at US$53 in 2021 and is forecasted to grow at 12% over next couple of years. • Growth is primarily driven by the aging population and technological breakthroughs which have increased the number of ailments, including immunological disorders and rare diseases, that can be treated with drugs, partially offset by pricing and reimbursement pressures.
Healthcare System	• The Canadian healthcare system operates such that each province functions as a distinct territory with the power to govern provincial Formulary reimbursement. • Healthcare expenditure per capita of $5 US (2019), 9% increase since 2015[1]. • Healthcare expenditures as % of GDP in 2019 was 11% and is consistent over the past 5 years[2]. • With the arrival of the third wave of the virus prior to Budget 2021, the federal government announced an emergency top up of $5 billion, specifically $4 billion through the Canada Health Transfer to help provinces and territories address immediate health care system pressures and $1 billion to support vaccine rollout campaigns across the country.
Regulatory Overview	• Health Canada, through the Food and Drugs Act, regulates the safety, efficacy, and quality of all pharmaceutical drugs for use by humans in Canada before and after the products enter the Canadian marketplace. • The review of a new innovative drug takes between 18-24 months. • The data protection provisions of the Food and Drug Regulations provide an 8-year period of market exclusivity for new chemical entities. • The federal government has made permanent its prohibition on distributing drugs intended for the Canadian market outside of Canada where there are grounds to believe that doing so could cause or exacerbate a drug shortage which first came into effect on November 27, 2020 under the Interim Order Respecting Drug Shortages (Safeguarding the Drug Supply). On November 27, 2021, it was made permanent through addition of sections C.01.014.12 to C.01.014.14 of the Food and Drug Regulations. More specifically, these provisions prohibit holders of Drug Establishment Licenses (DELs) from distributing drugs outside of Canada unless they have reasonable grounds to believe that doing so would *not* cause or worsen a drug shortage. Under the new provisions, Health Canada may require DEL holders to provide the regulator with pertinent information where it believes there is a risk of a shortage.
Pricing	• Prices of patented pharmaceutical products are regulated by the Patented Medicine Prices Review Board (PMPRB), an independent quasi-judicial body. • The PMPRB has a dual role: I. Regulatory: To ensure that prices charged by patentees for patented medicines sold in Canada are not excessive. II. Reporting: To report on pharmaceutical trends of all medicines and on the R&D spending by pharmaceutical patentees. • Refer to Risk Section for further details on recent changes to pricing regulations in Canada implemented by the PMPRB.
Reimbursement	• The cost of drugs that are administered to a patient in a hospital setting are covered by the public healthcare system, while the cost of a drug that is prescribed outside of a hospital setting is covered by either a public (government) drug plan, a private drug plan or “out of pocket” by the patient. • For prescription drugs that are used out of a hospital, each province maintains a public drug plan formulary, which lists the drugs and conditions for which the province will reimburse prescription drugs for an eligible insured person under the public plan.

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CANADA	
	• Only a subset of the Canadian population receives government funded prescription drug coverage outside the hospital setting. The remainder of the population either pays for their prescription drugs out of their own pocket, or through private drug plans. • Provincial drug benefit plans are not harmonized. • The process for obtaining public reimbursement in Canada involves a number of steps, starting with preparing and submitting the reimbursement dossier to either the Canadian Agency for Drugs and Technologies in Health (CADTH) for non-oncology drugs for all provinces outside of Quebec, the pan-Canadian Oncology Review (pCODR) for oncology drugs for all provinces outside of Quebec or to the Institut national d'excellence en santé et services sociaux (INESSS) for all drugs (oncology and non-oncology) in Quebec. The agencies will conduct thorough and objective evaluations of the clinical, economic, patient, and clinician evidence of the drugs, and provide a recommendation regarding whether or not to list the product. Following this recommendation, manufacturers may enter into negotiations with the pan Canadian Pharmaceutical Alliance (pCPA) in order to obtain public reimbursement. If such negotiations are successful, the parties will sign a letter of intent. The last step in the process is to then negotiate a listing agreement with each province. The process to obtain public listing can typically take up to two years. • As with public plans, the process of obtaining private reimbursement in Canada requires the preparation and submission of a dossier to each private payer. Following the submission, depending on the drug, indication and cost, the payers can either decide to cover the drug at the list price, enter into a listing agreement at a discounted price or not cover the drug at all. In the event the private payer enters into a listing agreement, the process can take many months to complete. • The Corporation's reimbursement work is done through a combination of internal expertise along with the use of specialized external consultants to support the development of the dossiers, submission to the agencies, as well as negotiations with public and private plans. As the need arises, these consultants may help with preparing certain components of the submissions including commissioning independent pharmacoeconomic studies to illustrate the economic benefits of incorporating the products in treatment regimens.
Intellectual Property	• Drugs are also subject to patent protection if applicable under the Patented Medicines (Notice of Compliance) Regulations.

Key LATAM Pharmaceutical Markets

BRAZIL	
Market Size & Population	• Largest economy by GDP, the largest population in LATAM (215M in 2021), and the sixth largest market globally. • Brazil's public health system (Sistema Único de Saúde, SUS) is among the world's largest, catering to the 75% of the population [5]. • The private market is the second largest insurance market by population in the world after the U.S. Currently there are 49M beneficiaries who have health care insurance funded through their employment[9]. • Brazil GDP per capita is estimated at $8 US in 2021 . • During the pandemic GDP dropped by 4.1% in 2020 but has fully recovered in 2021[3]. • According to IQVIA, total sales of pharmaceutical products amounted to 133 billion Brazilian reais ($31 billion CAD) for the twelve-month period ended December 1st, 2021, an increase of 11% from the previous year & the growth in units for the same time period was 6%[1]. • Forecasted CAGR of sales of pharmaceutical products of 8.4% between 2022 and 2025[1].
Healthcare System	• Dual healthcare system (i.e. public (75%) and private (25%). • Largest healthcare expenditures in LATAM countries. • In 2021, the budget for healthcare services was set at BRL 189 billion, up by 1% from 2020 due Covid19 (~54,6% was spent on specialized healthcare and 7.54% on pharmaceutical assistance)[4]. • For 2022 government has already provisioned BRL 153 billion to healthcare expenditures (up by ~20% from 2019 pre-Covid19 budget)[4].

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BRAZIL	
	• Healthcare expenditure per capita of $0.85 US (2019) is one of the highest among LATAM countries in which Knight operates, expenditure per capita has increased in the last 5 years (9%increase as compared to 2015)[2]. • Healthcare expenditure as % of GDP in 2019 was 3.9% and is consistent over the past 5 years[2].
Regulatory Overview	• Overseen by the Brazilian Health Surveillance Agency (ANVISA). • Approval process involves a pharmacological, efficacy, safety and technical review. • In order to market a product in Brazil, companies are required to obtain an operating license authorization from ANVISA and local health authorities, good manufacturing practices certification and product registrations/enrollment from ANVISA. • ANVISA requires pharmaceutical companies to use their own laboratories for the testing and release of all products for the Brazilian market Market authorization is valid for 10 years. • While ANVISA provides for 120 days approval timeline for drugs filed under priority review submissions and 365 days approval timelines for standard submissions, most approvals take at least 33% longer[6].
Pricing	• Pricing negotiations are conducted concurrently with the drug approval process (regulatory approval by ANVISA). • Drug prices are regulated in Brazil by the Drugs Market Regulation Chamber (CMED) which establishes maximum prices allowed for drugs sold by manufacturers, importers, and their distributors to pharmacies. • Upon obtaining a marketing authorization from ANVISA, companies must submit an application for pricing approval to CMED. • Such applications must include information about the product, validated patent, including but not limited to, superior efficacy, side effects, reduction or overall treatment costs, the product price in International Reference Pricing (IRP comparator countries approved at the moment of CMED analysis) :which include Australia, Canada, Spain, U.S.A. France, Greece, Portugal, Italy, New Zealand and the country of origin) and the expected launch price in Brazil. • The launch price in Brazil shall not be higher than the lowest price for the product in any of the comparator countries (IRP). • After pricing submission, the final decision by CMED usually takes 3 months. • CMED also publishes drug list prices and the maximum allowable price increase on March 31st of each year. Historically, the price increases allowed by CMED have been less than inflation. • For 2022, the maximum allowable price increase is expected to be between 10% to 12%, depending on the pharmaceutical product classification.
Reimbursement	• **Public market:** 75% of Brazilian population has access only to Public Market with high concentration of hospitals in Southeast and Northeast of Brazil which are regulated by CONITEC (national HTA commission) based on Clinical Practice Guidelines (PDCT) that control free access to high-cost treatments. Specialty drugs such as oncology treatments have been funded by APAC (High complexity procedure protocols). Certain Public Institutions and States have their own budget and can incorporate therapies by Hospital's Internal Committee (local guidelines). • Public reimbursement is limited to drugs on the National List of Essential Medicines (RENAME), and HTA committee (CONITEC). After a positive opinion by Ministry of Health (MoH) reimbursement is determined through public bidding system for drugs in the state system and certain exceptional outpatient drugs. • **Private market:** 25% of population has access through private health insurance providers (707 HMOs and 48.5M of beneficiaries)[9]. Reimbursement by private insurers is regulated by National Health Agency (ANS) which updates the list of mandatory procedures for oral oncology drugs and for chronic disease according to clinical protocols. In rare instances, HMO's may choose to reimburse drugs based on their own HTA process, focusing on positive budget impact before the product is added on the ANS list. • To obtain reimbursement from private insurance and HMOs, the product must be included in the List of Procedures as approved and published by ANS. • In March 2022, a law was approved, that defines new rules for the reimbursement of new treatments by HMOs, including cancer treatments (oral drugs) whereby the period of time from submission to final decision (reimbursement) was reduced from 2 years to 6 to 8 months.

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BRAZIL	
	• In addition, all medications, which have already received a positive opinion by CONITEC, including medications for chronic disease (subcutaneous or IV), will also get a mandatory reimbursement in private market. Under the Brazilian Constitution, health is a fundamental right of all citizens and a duty of the government. The government is thus obliged to provide the means necessary to supply medicines to all Brazilians which is done through the Single Health System (SUS).
Intellectual Property	• Patent review in Brazil is currently the responsibility of the Brazilian Patent Office (INPI); however, the body that reviews drug applications, ANVISA, holds an equally binding opinion on pharmaceutical applications that may pose a "health risk". • There is no data exclusivity protection for pharmaceuticals in Brazil.
Other Factors	• Highly complex and fragmented tax regime (municipal, state and federal) has significant implications for pharmaceutical companies such as high taxation on pharmaceutical products, which increases product prices for patients, limits patient access and impacts margins. • Upcoming presidential elections may lead to changes in health policy, including changes at ANVISA or pricing and reimbursement of pharmaceutical products.

ARGENTINA	
Market Size & Population	• Argentina's population in 2021 is 45.6M and GDP per capita is estimated at $10 USD in 2021. • The country has a highly volatile economy that is undergoing a period of high inflation. In 2021, the Argentinian peso depreciated by 24 percent vs CAD. • During the pandemic GDP dropped by 9.9% in 2020 and is expected only fully to recover in 2022[3] • According to IQVIA, total sales of pharmaceutical products in 2021 amounted to ARS1.1 trillion ($14 Billion CAD) in2021, an increase of 14% from the previous year in Canadian Dollar. The growth in units for the same time period was 10%. • The pharmaceutical industry has been one of the most dynamic sectors of the Argentine economy and is now a driver of economic growth, jobs, scientific knowledge and applied technology.
Healthcare System	• Argentina has a fragmented market and a high prevalence of national companies. • In recent years, there has been an increase of tenders in public sectors which are driving the average selling prices of medicines down, evidenced by widening price differential between PAMI (public health insurance agency managed by country's ministry of health) prices and list prices. • PAMI has been increasing its market share among the payers and is the biggest driver of growth in the market.
Healthcare Expenditures/Budget	• To reduce healthcare costs, the Ministry of Health in Argentina has ruled that products manufactured locally that contain the same active ingredient as products manufactured abroad, but that are priced cheaper than the products manufactured abroad, must be covered by local payors. • Healthcare expenditure per capita of $0.95 US (2019) is among the second highest among LATAM countries Knight operates in, expenditure per capita has significantly decreased in the last 5 years (38% decrease as compared to 2015)[2]. • Healthcare expenditures as % of GDP in 2019 was 9.5% versus 10.2% in 2015[2]. • Healthcare expenditure is forecasted to grow at 9.7% CAGR between 2018 and 2022.
Regulatory Overview	• Argentinian regulations impose barriers to imports of certain pharmaceutical products into Argentina based on the product classification or specific countries. Only products manufactured in approved countries or facilities that have been previously inspected and approved by Argentinian health authorities are allowed. • Active pharmaceutical ingredients, however, are not subject to same restrictions as finished products. • In accordance with Ministry of Health regulation, the National Agency of Medicines, Food and Medical Technology (ANMAT) is responsible for all aspects regarding the approval and control of pharmaceuticals. • ANMAT has jurisdiction over the safety, efficacy, and quality of medicines as well as the activities, processes, for the supply, production, manufacturing, fractioning, import and/or export, warehousing, and commercialization of drug products and materials used for production. • Each province has its own health authority which works in conjunction with ANMAT and may issue its own regulations.

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ARGENTINA	
	• Before a corporation can hold a marketing authorization, it must first have been duly licensed as a pharmaceutical company by ANMAT to manufacture or import pharmaceutical products for sale in the Argentinian market. • ANMAT requires pharmaceutical companies to use their own laboratories for the testing and release of all products for the Argentinian market. • ANMAT allows for abbreviated approval of products which have been approved in other markets, including, but not limited to, USA, Canada, UK, France, Japan, Italy, and Spain. These abbreviated standards allow local companies to submit limited information (evidence of commercialization in reference country, draft product label and patient and physician insert and in certain cases bioavailability data) in order to obtain approval. • There is no abbreviated approval process for biological products and ANMAT´s authorization for manufacturing facilities (API and finished products) is required in all cases. • Marketing authorizations are valid for a period of five (5) years and can be renewed for an additional five (5) years. • In addition to obtaining a marketing approval, pharmaceutical companies are required to successfully complete the "first batch technical inspection" at their licensed facility prior to launching the product in Argentina. • Finally, upon issuance of a market authorization, ANMAT does not provide regulatory data exclusivity. • Serialization is required for certain pharmaceutical products. • Approval timelines for innovative molecules take between 9 to 12 months and 12 to 18 months for Branded Generics. In addition, after MA approval, ANMAT requires the first batch of each newly approved product to be analysed with ANMAT representatives present for such analysis and release of the drug product. This second step in the approval process takes approximately an additional 6 months after filing of first batch release request.
Pricing	• Average drug prices are low and have been decreasing over years due to increased use of tenders and large number of competitors launching same or similar products. • There are no price regulations, however, the federal government may impose limitations on price adjustments in order to manage inflationary pressures. • Given the limitations on patentability in Argentina (see below), many innovative products face branded generic competition in Argentina earlier in the launch of the innovative product. Consequently, significant discounts may be required on innovative products in order to remain competitive.
Reimbursement	• Innovative drugs, which are often high costs are not included in PAMI and as such present significant hurdle to access and reimbursement. • Fragmented reimbursement system, and in many cases duplicative (i.e. patients are covered on both public and private plans) . • Argentina's reimbursement system is made up of three sectors: public (includes national and uninsured individuals), social security (mostly unionized workers and includes broad coverage) and private (i.e. private insurance companies). • Individuals may be covered through multiple sectors at the same time and have overlapping coverage. For example, individuals or groups may elect to supplement their public or social security coverage with private insurance.

ARGENTINA	
Intellectual Property	• In order to allow local manufacturers the ability to develop and obtain approval of products, ANMAT has provided multiple avenues of approval of generics or "similars". ANMAT defines "similar" as follows: I. Similar medicinal or pharmaceutical specialty: one that contains the same active pharmaceutical ingredients, the same concentrations, the same pharmaceutical form, same form of administration, same therapeutic indication, and same dosage being equivalent to the reference product and can differ in characteristics such as size, form, excipient components, shelf-life, and primary packaging. II. Similar pharmaceutical form: the one that is found in the same physical form (solid, liquid, gaseous), has the same form of administration and is equivalent to the pharmaceutical form of the reference product. • As ANMAT has a broad definition of what qualifies as a generic and in many cases does not require bioequivalence studies, generic manufacturers may obtain marketing authorizations by submitting a limited registration dossier. • ANMAT is working to harmonize its regulations with other agencies in Latin America, ANMAT may have to update its regulations to conform with other markets which have more rigorous standards. • In 2012, the Argentinian National Institute of Industrial Property (INPI) updated its guidelines on chemical-pharmaceutical patent applications and severely restricted the patentability of certain categories of inventions, including but not limited to formulations, compositions, and use. While these guidelines have been challenged, there have been no rulings as of yet. As a result, the generic market in Argentina continues to flourish. • There is no data exclusivity protection for pharmaceuticals in Argentina.

COLOMBIA	
Market Size & Population	• Third largest population in LATAM (51.3M in 2021) with a $6 GDP per capita. • During the pandemic GDP dropped by 6.8% in 2020 and has fully recovered in 2021[3]. • According to IQVIA, total sales of pharmaceutical products in 2021 amounted to 19 trillion Colombian pesos ($6.5 billion CAD) for the twelve-month period, a decrease of 11% from the previous year. • Pharmaceutical market is forecasted to grow at 9% CAGR between 2022 and 2025[1].
Healthcare System	• Universal healthcare system. • Social Security System with national healthcare coverage which is regulated by the government through the ministry of health and benefits its citizens by being affiliated to either contributory (private) or subsidized (public) regimes. • Healthcare expenditure per capita is low and the healthcare system is underfunded. • Healthcare expenditure per capita of $0.5 US (2019) is one of the lowest among LATAM countries, expenditure per capita has been increasing over the last 5 years (7% increase as compared to 2015)[2] • Healthcare expenditures as % of GDP in 2019 was 5.5% versus 5.3% in 2015[2]. • Colombia's healthcare system has a large deficit mainly due to mismanagement of HMOs or EPSs. This is driving the government to consider healthcare reforms to lower drug prices and add additional restrictions to high priced drugs.
Regulatory Overview	• Drug approval process is similar to the process of more developed nations and involves a pharmacological, pharmaceutical and legal review Patented drugs are approved within 18 to 24 months while generic drugs may be approved faster. • Regulatory timelines defined in regulation are not usually achieved due to delay in the evaluations by Health Authority. • Drug approval process overseen by the National Institute of Medication and Food Surveillance (INVIMA) In order to market a product in Colombia, companies are required to obtain a marketing authorizations or health registrations. • The review process falls into three different stages that involve pharmacological, pharmaceutical and legal reviews. I. The first phase is only required for evaluation of safety, pharmacokinetics, toxicity and efficacy data. II. The second stage or pharmaceutical review involves review of manufacturing processes, formulation, excipients, bioavailability, and quality data.

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COLOMBIA	
	III. The final stage involves review of legal documentation including manufacturing agreements, trademarks and GMP compliance. • Once approved, a marketing authorization is valid for 5 years after which a company is required to apply for renewal no later than the third month prior to expiration.
Pricing	• Pricing is overseen by the National Price Commission of Pharmaceuticals and Medical Devices (CNPMD) and it combines two different mechanisms prices under surveillance and regulated prices. The high-priced drugs, essential medicines (as defined by the WHO) and drugs with a high impact on societal health, have a ceiling price set based on a basket of at least seventeen reference countries[7] • The number of drugs included under this pricing scheme has been increasing in recent years. • Currently, molecules controlled under the reference pricing system account for ~40% of those prescribed in the country. • Drugs that do not fall under the jurisdiction of direct control are priced freely, but under strict surveillance from the government. The ministry of health regularly conducts pricing reviews and may elect to regulate the list price of a product at any point after launch.
Reimbursement	• There are two public reimbursement regimes: Contributory and Subsidized. The contributory regime covers employed individuals, pensioners, and retirees. • This plan is mainly funded through mandatory contribution equivalent to a total of 12.5% of employee's income, split between employees of the program (4%) and their employers (8.5%) The subsidized regime covers all individuals under a defined threshold of poverty and are unable to contribute to the system. • Members of the armed forces, teachers and employees of the state-owned petroleum have their own health services and are defined as special regimes. • Both Contributory and Subsidized regime cover the same health plan. • The plan is funded by fees from the contributory regime and government funds. • The universal healthcare system allows Colombians to select an affiliation with a health insurance system by choosing one HMO (EPS) for a monthly contribution (12% of the salary of every employed or independent worker's income) . • The government subsidises those living in poverty, while others opt for private insurance policies that offer better services.
Intellectual Property	• Patent application reviews take four or five years on average[8]. • Colombia's primary regulatory body for drugs, INVIMA, has been known to deny new chemical entity data protection due to minor chemical similarities with previously approved molecules. • There are no specific regulations for pharmaceutical trademarks. • There is a five-year data protection in Colombia for new chemical or biological entities. Generic or biosimilars companies could apply for a market approval for new chemical or biologic entities but would have to provide their own safety and efficacy studies for license to be granted by INVIMA.
Other Factors	• Upcoming presidential elections may lead to changes in health policy, including changes at INVIMA or pricing and reimbursement of pharmaceutical products.

MEXICO	
Market Size & Population	• Mexico has a population of 129M and is the second largest pharmaceutical market in LATAM (ranks 12th globally). • Mexico's GDP per capita is estimated at $8.4 USD in 2021. • During the pandemic GDP dropped by 8.3% in 2020 and is expected only to fully to recover in 2022[3] • According to IQVIA, total sales of pharmaceutical products amounted to 270 billion Mexican pesos ($17 billion CAD) for the twelve-month period ended December 31, 2021, a 13% increase from the previous year. • The growth in units for the same time period is 3%[1]. • According to IQVIA, pharmaceutical market is forecasted to grow at 7% CAGR between 2022 and 2025.
Healthcare System	• Dual healthcare system (i.e. public and private) . • Public system operates through Social security (open to all who are employed and their families; unemployed can join but need to pay annual premium) and covers patients for most of the services and prescription drugs. • Private system operates through Out-of-Pocket and Private Insurance. • 90% of the population is treated in the public market and only 10% in private institutions. • Mexico has relatively low expenditure in healthcare and is lagging other LATAM countries with respect to government spending. • Healthcare expenditure per capita of $0.54 US (2019) is lower than some of the other LATAM countries Knight operates in, expenditure per capita has slightly decreased over the last 5 years (2% decrease as compared to 2015)[2] • Healthcare expenditures as % of GDP in 2019 was 2.7% versus 3% in 2015[2].
Regulatory Overview	• The Ministry of Health of Mexico has mandated the Federal Commission for Protection against Sanitary Risks (COFEPRIS) to be the agency to manage the framework in relation to drugs, biologics and medical devices. COFEPRIS implements the General Health Law and its Regulations which are supplemented by Guidelines and Official Norms (NOMS) issued by COFEPRIS. • The process to obtain marketing authorizations (MA) in Mexico varies between eight (12) months and eighteen (18) months depending on whether the product is a generic of a product already approved in Mexico or is a new product. If a new molecule is approved by Health Canada, FDA, EMA, the Swiss Agency for Therapeutic Products (Swissmedic) or Therapeutic Goods Administration in Australia then the approval timelines may be reduced by up to 60 days. • Marketing authorizations are granted for a period of five (5) years and pharmaceutical companies must provide compliance with good manufacturing practices, safety and efficacy standards, pharmacovigilance, labelling standards and other provisions at each renewal. • Since the start of the pandemic, all regulatory administrative processes and new market authorization submissions have been delayed by an additional 5 to 8 months.
Pricing	• There is no price regulation and for public institutions and price is determined by the market. • In the public system, once the drug is added to a Social Service Register, pricing is determined by institutional agreement between manufacturers and payors. • In mid-2020, the government signed an agreement with United Nations Office for Project Services (UNOPS) to support the government purchasing process in order to obtain the lowest prices possible for medication in the international market.
Reimbursement	• In Mexico's public health system, the federal and state governments are the main payers. • The major segments of the public Mexican health-care system are: I. Mexican Institute of Social Security (IMSS). This represents social security for the self-employed and employees in private companies; II. Institute of Social Security for State Workers (ISSSTE); III. Institute of Health for the Wellbeing (INSABI) Replacing the former Seguro Popular, this reimbursement This program was created to cover people with lower incomes and provides a public insurance scheme for those not covered by social security and other formal arrangements. IV. In addition to the above systems, certain specific sectors, such as military (SEDENA), Navy Secretary (SEMAR) or Mexican Petroleum Company (PEMEX, state-owned) employees have their own social security system.

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MEXICO	
	• The private sector includes independently operated health plans and hospitals. Major private-sector providers in Mexico include GNP, AXA, Metlife and Seguros Interacciones. • The private and public sectors function separately, and reimbursement and pricing decisions are made independently.
Intellectual Property	• Large patented prescription pharmaceutical segment, supported by stronger IP laws than other Latin American markets. • Patents and trademarks are regulated by Mexican Intellectual Property Office (IMPI) . • IMPI grants patents protecting compounds, formulations, uses and manufacturing processes for medicines. There is a linage system between COFEPRIS and IMPI, the objective of which is to prevent granting marketing authorization in violation of exclusivity rights. • On November 30, 2018, United States, Mexico, and Canada signed the USMCA agreement, an update of the North American Free Trade Agreement (NAFTA) created in 1994. UMCA includes a detailed section about data protection. • In connection with data protection terms under the USMCA, Mexico has agreed to extend the term for data protection of new agricultural chemical products, new pharmaceutical products, new indications and biologics from the current five (5) years of data exclusivity to ten (10) years of data exclusivity. • USMCA has a specific section establishing that parties should not permit generic manufacturers referencing undisclosed test or other data concerning safety and efficacy of new pharmaceutical products for at least ten years from the date marketing approval was first granted.
Other Factors	• Recent changes in COFEPRIS administrative staff and policies have slowed down approval timelines and have led to delays in import and renewal of pharmaceutical products.

CHILE	
Market Size & Population	• Smallest population (19M in 2021) but the highest GDP per capita among the key LATAM Markets: USD $16.8 (2021). • During the pandemic GDP dropped by 6.8%in 2020 and has fully recovered in 2021[3]. • Chile's pharma market is fragmented whereby, the top 20 companies account for 26% of new drug registrations. • According to IQVIA, total sales of pharmaceutical products amounted to 1.6 trillion Chilean pesos ($2.6 billion CAD) for the twelve-month period ended December 31, 2021, 18% increase from the previous year. The growth in units for the same time period is 13%. • Pharmaceutical market is forecasted to grow at 6% CAGR between 2022 and 2025[1].
Healthcare System	• Dual (public and private) healthcare system which cover separate populations and distinct areas of care. • Public system is not formally universal coverage; however, reforms and increased prevalence of private coverage have resulted in somewhat effective universal coverage for primary care. • The coverage gaps across both private and public systems remain, particularly impacting the most disadvantaged segments of the population. • Among the key LATAM Markets, Chile has the highest healthcare expenditure per capita $1.4 USD (2019) representing 4.8% of GDP; expenditure per capita has been increasing over the last 5 years (22% increase as compared to 2015)[2]. • The public healthcare expenditure included in the National Budget approved in November 2021, will increase by 11.7% compared to 2021, driven by COVID spending.
Regulatory Overview	• The application of Sanitary License which allows companies to import or manufacture pharmaceutical products is reviewed and approved by the Public Health Institute (ISP) . • The approval process is relatively fast and review time can take approximately 12 months for innovative products and 6 months in case of generics. • The applicant is required to submit safety and efficacy data, including full preclinical and clinical studies. • In case of generics, the applicant can go through a simplified procedure for registration of pharmaceutical products and will be required to demonstrate bioequivalence, if required.

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CHILE	
	• Once granted, the marketing authorization is valid for a period of five years and can be renewed for equal and successive periods.
Pricing	• Chile has an unregulated, free market-based pricing model. Therefore, the average prices of patented products as well as branded generics are one of the highest in the LATAM region which impacts the drug coverage and hinders patient access to treatments.
Reimbursement	• Healthcare system is primarily structured by a mandatory medical coverage. • This coverage is financed by health insurance contributions paid to the providers of healthcare insurance, a public entity (FONASA) which covers 75% of the population or a private entity (ISAPRE) All workers and self-employed individuals are required to contribute a certain percentage of their monthly wages into either a private or a public plan. • The benefit basket under the public health system in Chile, applicable to all Chileans, whether covered by FONASA or ISAPREs, has been set under an enforceable guarantees: GES, the law 20.850 "Universal access law for high cost drugs" and other small programs. • The law provides for minimum medical coverage and the additional features depend on the health institution and the health plan chosen by each individual. • The Garantías Explícitas en Salud (GES), with a copayment, guarantees cover provisions around access, quality, timeliness and financial protection in 85 pathologies. • The law also defines coverage for high treatment drugs in 27 specific pathologies. • These programs are updated in cycles of 3 years.
Intellectual Property	• IP regulations are extremely unfavourable for manufacturers of patented drugs. • Chile does not allow for the filing of “use” patents on new indications if that molecule is included as an active ingredient in any products that have already been approved for sale domestically. • For products to qualify for data protection they must be launched within 12 months after the date of first approval in any market. • The data exclusivity protection for new molecules lasts 5 years. • Consequently, local generic manufacturers often capitalize on this rule to launch generic versions of drugs not patented in Chile that exceeded this one year timeframe.
Other Factors	• Chile will have a new government in March 2022, which has promised to address the inequality in the Chilean society by expanding social rights and reforming Chile's pension and healthcare systems. • Up to date, no announcements have been made on these subjects.

Other LATAM Pharmaceutical Markets

PERU	
Market Size & Population	• Fourth most populous country in Latin America (33,4M in 2021), with a population of 33 million and an average life expectancy of 77.2 years. • Peru's GDP per capita is estimated at $6.7 USD in 2021. • During the pandemic GDP decreased by 11% in 2020 and is projected to fully recover in 2022[3]. • According to IQVIA, total sales of pharmaceutical products amounted to 1.8 billion Peruvian Sol ($585M CAD) for the twelve-month period ended December 31, 2021, a 4% decrease from the previous year. The growth in units for the same time period is -2%[1]. • According to IQVIA, Pharmaceutical market is forecasted to grow at 5.6% CAGR between 2022 and 2025.
Healthcare System	• Peru has a decentralized health care system administered by 5 entities: I. Ministry of Health (MINSA), which provides health services for 60% of the population II. EsSalud, which provides for 30% of the population; III. Armed Forces (FFAA), National Police (PNP), and the private sector together provide services to the remaining 10%. • The resulting system contains multiple providers of services and insurance, often performing functions with a high degree of overlap and little coordination. • Health workers often work several jobs in multiple subsectors. • Among the key LATAM Markets, Peru has the lowest healthcare expenditure per capita$0.37 USD (2019) representing 3.3% of GDP; expenditure per capita has remained flat last 5 years [2].
Regulatory Overview	• Drugs, biological and medical devices are regulated by the Directorate General of Medicines, Supplies and Drugs (DIGEMID). • To manufacture or import the pharmaceutical product, a company must obtain a sanitary registration. • Marketing authorizations are valid for five years after which they can be renewed starting one year before their expiration date. • The renewal process requires submission of all the documents submitted for initial registration except for studies supporting the efficacy and safety of the product. • The approval process generally takes 12 to 18 months after filing. • Marketing authorizations cannot be held by a foreign company. • Foreign companies are required to use Peruvian distributors to commercialize their products.
Pricing	• Prices of pharmaceutical products are not regulated but each company is required to report the retail prices to DIGEMID's Price Observatory which are disclosed in a public database that allows consumers to compare prices.
Intellectual Property	• Patent and trademarks are regulated by the National Institute for the Defense of Competition and Intellectual property (INDECOPI) . • A patent application must comply with three basic requirements which include; novelty, inventive level and industrial application. • Foreign patents are recognized under the Patent Cooperation Treaty (PCT) and Paris agreement granting a total of 30 months for a patent application.
Other Factors	• Peru is struggling with a highly polarized political landscape. • Recently elected President is unpopular making him vulnerable to impeachment attempts by the right-wing opposition. • High levels of political and policy uncertainty, rising social unrest impacting business and consumer confidence.

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ECUADOR	
Market Size & Population	• Ecuador has a population of 17.6M and is the eighth largest economy in Latin America. • Ecuador's GDP per capita is estimated at $5.9 USD in 2021. • During the pandemic GDP dropped by 7.8% in 2020 and is forecasted not to fully recover in next couple of years[3]. • According to IQVIA, total sales of pharmaceutical products amounted to 2.2 billion US ($2.7 billion CAD) for the twelve-month period ended December 31, 2021, an 11% increase from the previous year. The growth in units for the same time period is 8%. • According to IQVIA, Pharmaceutical market is forecasted to grow at 3.5% CAGR between 2022 and 2025.
Healthcare System	• Universal access to healthcare recognized in the Constitution but Healthcare system is underfunded. • Public system comprises the purely public care network which does not require any form of affiliation and the (public) social security network, with supports registered public and private workers. • In Ecuador, the Institute of Social Security holds a legal monopoly. Private network exists and is complementary. • The Constitution states that public healthcare expenditure shall be at least 4% of the GDP. • In 2019 health care expenditure per capita reached 7.8% of GDP (or $0.5 USD per capita); expenditure per capita grew by 6% since 2015[2]. • Significant portion of healthcare expenditure comes from public funding and Public Procurement of medicines is key in the country. • The universal healthcare system is funded by taxes, Ecuadorians are not required to be affiliated to a public or private healthcare system institution. • However, the Social Security System does require affiliation by employees who pay 9.45% of their monthly salary, while employers contribute with 11.5% of such monthly salary as well.
Regulatory Overview	• Drug approval process is similar to the process of more developed nations, conducted by the control agency of the Ministry of Health ("ARCSA") and involves a pharmacological, pharmaceutical and legal review. The process is mainly separated between foreign and locally produced products. • For foreign products the registration may be done through "homologation", meaning that ARCSA will review the applications and permits issued abroad and has general deference for such foreign approvals. • ARCSA considers that products approved in WHO's catalogs are able to access the homologation process. • General timeframes of approvals between 6-12 months. Once approved, a marketing authorization is valid for five years after which a company is required to apply for renewal.
Pricing	• The National Council for setting and Review of Prices for Medicines for Human Use Consejo Nacional de Fijación y Revisión de Precios de Medicamentos de Uso Humano("CNFP") issues resolutions to regulate the setting of ceiling prices. • There are three schemes in which price regulation can be divided: I. Regulated pricing: for medicines considered strategic (applies for registered, new or singe-supplier products), II. Direct pricing: operates when non-compliance with maximum prices is detected as a sanction, III. Free pricing: only as an exception for non-strategic (regularly over the counter) products. • For the most common regulated pricing scheme, the following pricing mechanisms apply: a. For already registered products: CNFP obtains the median of the prices used for suppliers of medicine that belong to the same segment or therapeutic group. CNFP may exclude atypical prices to set the median, b. For new products: the Secretariat shall submit CNFP a list of the prices of the same medicine in countries that belong to MERCOSUR, ALBA, UNASUR or European Union (in that order) and a suggestion of the ceiling price.
Reimbursement	• In the public system, medicine access is free of charge. • Citizens often purchase medication through private vendors for lack of supplies in public institutions. • In the social security system, access to medication is covered for all the contributors to the system, however due to lack of medication available through this channel the contributors may pay out of pocket to purchase privately.

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ECUADOR	
Intellectual Property	• As part of the Andean Community of Nations Ecuador is bound to regional intellectual property norms. There are no special regulations for pharmaceutical trademarks. Both patents and trademarks are recognized by SENADI, the local IP office. • The foreign trademarks and patents are not recognized and have to be filed with local authority.

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1 IQVIA; retail and non-retail sales in Local Currency. Non-retail market is not fully captured for some countries

2 World Health Organization (WHO); Global Health Expenditure Database

3 IMF World Economic Outlook October 2021

4 https://portaltransparencia.gov.br/funcoes/10-saude?ano=2021

5 https://www.commonwealthfund.org/

6 http://antigo.anvisa.gov.br/en/drugs

7 Reference countries for pricing van include Argentina, Brazil, Chile, Ecuador, Mexico, Panama, Peru, Uruguay, Canada, United States, United Kingdom, Australia, France Norway, Germany, Portugal, Spain.

8 Ministerio de Ciencia y Tecnología: https://divulgacion.minciencias.gov.co/aprende/innovacion/patentar-en-colombia)

9 Instituto De Estudios De Saude Suplementar : https://iessdata.iess.org.br/dados/bmh

Environmental Matters

GBT operates three (3) manufacturing facilities and a research and development facility and certain of these facilities also operate laboratories in Argentina as well as a laboratory in Brazil. The facilities in Argentina and Brazil are subject to a variety of environmental, health, and safety laws and regulations at the federal, state or provincial, and municipal levels. These laws and regulations govern, among other things, air emissions, wastewater discharges, the use, handling, and disposal of hazardous substances and wastes, soil and groundwater contamination, and employee health and safety. GBT's manufacturing facilities use, in varying degrees, hazardous substances in their processes. In the event of the discovery of previously unknown contamination at these facilities, Knight may be required to take additional, unplanned remedial measures and potentially fines, closures or suspension.

THE CORPORATION'S STRATEGY

Knight intends to continue its growth and become a prominent specialty pharmaceutical company in select therapeutic fields, as well as a distributor of consumer health products and medical devices, in Canada and Latin America as well as select international markets. Knight's strategy is to be the Pan-American (ex-USA) partner of choice. Knight aims to enter into long-term agreements with its licensors in order to ensure that the Corporation will have long term benefit of its commercial investments. Knight believes that this can be accomplished through targeted promotion of certain Products and through the acquisition of additional specialty pharmaceutical and other Products in Canada, Latin America and in select international markets. Knight has demonstrated and continues to believe that there are opportunities to obtain sales and marketing rights to Products in the fields and territories that are of interest to Knight.

Growth Strategy

On November 29, 2019, Knight successfully executed on its rest of the world strategy by acquiring a controlling stake in GBT from shareholder group that included Advent International and Essex Woodlands, among others. With this acquisition Knight has gained an access to established Latin American growth platform with footprint across 10 Latin American countries.

With the acquisition of GBT, Knight's product licensing efforts are focused on identifying potential products and companies that fit within its existing commercial footprint, pan-American (ex USA). Knight may look at rights for select areas such as Middle East, Australia, Sub-Saharan Africa and other countries excluding the U.S., Western Europe, Japan and China.

Following the completion of the GBT acquisition, the Company's priority is to leverage its existing infrastructure in LATAM and Canada by pursuing multiple avenues of growth that will further strengthen its platform and position Knight as a key player in the pan-American (ex-US) pharmaceutical market. The Company is pursuing a three-pronged strategy to build its product portfolio.

1. Acquisition of products, portfolios and companies

Knight is pursuing the acquisition of innovative products including portfolios that have been launched and marketed primarily by large pharmaceutical companies for a number of years. The acquisition of legacy products from global pharmaceutical is accretive to Knight's profitability and represents an opportunity to build a portfolio of owned assets with valuable and well-established brands.

The acquisition of Exelon®, completed during 2021, is an example of the execution of this strategy. On May 26, 2021, the Company entered into an agreement with Novartis to acquire the exclusive rights to manufacture, market and sell Exelon®, in Canada and Latin America as well as an exclusive license to use the intellectual property and the Exelon trademark, from Novartis within those territories. Exelon® is a prescription product that was first approved in 1997 and is currently registered and sold in approximately 90 countries. Exelon® is indicated for the symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease. The product was acquired for a total cash consideration of $217,331 (USD $180 million).

Knight currently owns the Canadian and Latin American rights to Exelon®, the worldwide rights of Impavido® and the worldwide (excluding U.S.) rights to Neuragen®. Knight is continuing to pursue out-licensing opportunities for Impavido® and Neuragen® in other jurisdictions.

The Company is also pursuing bolt-on corporate acquisitions in certain key markets that would further optimize its footprint, capabilities, and portfolio.

2. In-licensing of innovative products

The Company is pursuing the in-licensing of innovative late-stage products in its key therapeutic areas that include oncology/hematology, infectious diseases, immunology, gastrointestinal and central nervous system. In addition, the Company remains open to considering the in-licensing of products in other specialty areas where Company believes that there may be an attractive market opportunity. The in-licensing strategy represents future growth opportunities as the Company launches innovative and unique treatments across its markets.

The in-licensing of tafasitamab and pemigatib from Incyte is an example of this strategy. On September 22, 2021, Knight entered into a definitive agreement with Incyte for the exclusive rights to distribute tafasitamab (sold as Monjuvi® in the United States and Minjuvi® in Europe) and pemigatinib (Pemazyre®) for Latin America. Under the terms of the agreement Knight will be responsible for seeking the necessary regulatory approvals and distributing both products in Latin America.

3. Development of branded generic products

In certain developing countries, including Latin America, health regulations allow for generic products to be commercialized with a brand name. Through the GBT acquisition, the Company's development efforts have been concentrated on developing branded generics for Argentina and other LATAM markets. Competitors in the branded generic industry strive to be first to market in order to gain the most market share before new entrants arrive. GBT's internal research and development efforts have historically allowed it to launch branded generic products which often launch first which has given GBT a competitive advantage. Knight intends to continue to develop and launch branded generic products for Argentina as well as certain other Latin American markets. Knight will work with local teams to identify products which fit with the existing portfolio and future portfolio for development. New product development takes between 8-18 months before the dossier can be submitted to ANMAT for approval.

The Company is focusing its near-term efforts on expanding the geographic reach of currently developed branded generics. The Company is also working on optimizing its development efforts and capabilities to allow it to access larger opportunities for LATAM. Further during 2021, the Company has licensed certain branded generic for markets such as Brazil or Mexico. In the case where Knight has licensed the branded generic, Knight's affiliates will own the marketing authorization and the trademark and will receive supply from the licensor. The revenues from our branded generic portfolio is approximately 25% of the total revenues of the Corporation.

Developing and Acquiring Late-Stage Pharmaceuticals

Knight maintains an active program to identify potential products for development, acquisition or licensing. In addition, the Corporation pursues opportunities to in-license late-stage products from biotech companies. Knight focuses on currently marketable or late-stage development products in order to mitigate clinical, regulatory and commercial risks. Such products generally have passed safety and toxicity testing and have demonstrated at least preliminary efficacy in humans. This allows Knight to concentrate on developing competencies in regulatory affairs, market access, and sales and marketing. Although Knight's focus is on late-stage products, the Corporation may nonetheless acquire the rights to earlier stage products through partnerships derived from its life sciences fund strategy and secured lending. For example, Knight's agreement Triumvira is a strategic lending strategy through a secured debt and as further consideration the Corporation received the exclusive license to commercialize Triumvira's future products for Canada, Israel, Mexico, Colombia and for TAC01-CD19 for Israel, Mexico, Brazil and Colombia if certain conditions are met.

At present, the Corporation is actively pursuing product acquisitions that may require substantial capital resources. There are no present agreements or commitments with respect to any such acquisitions. There can be no assurance that any of those product acquisitions will be completed by the Corporation.

Knight uses a number of internal and external sources to identify products for acquisition, to evaluate their scientific and clinical viability, and to estimate their commercial potential. Through its own internal business development efforts and, to a lesser extent, consultants, the Corporation identifies products for potential acquisitions. Once identified, each product undergoes scientific, clinical and commercial screens to further evaluate its fit within Knight's product portfolio and the likelihood of its future success.

The criteria used for screening development, acquisition, or in-licensing product opportunities are as follows:

Criteria	Description
Financial return	The expected return should reflect the inherent clinical, regulatory and commercial risks involved, with late-stage development products generally requiring a higher expected return than products with existing sales.
Stage of development	Knight will take on commercialization risk, not clinical research risk, and as a result selects later-stage products.
Required investment	Knight aims to minimize its up-front payments for Product rights and target projects that, in the event of failure, will not materially affect the results of the Corporation. The Corporation may minimize the up-front payment through an equity investment or a secured loan in the licensor.
Market differentiation	The product should be differentiated from existing marketed pharmaceuticals by providing superior safety, efficacy, or pharmacoeconomic value.
Economies of scope	The product should generally be marketable through Knight's existing or developing sales channels or fit within select countries identified as growth and value opportunities as part of Knight's geographic expansion and, unless the product will be profitable on its own at the outset or provide the foundation for a new product area with a clear path to profitability, must complement or supplement Knight's existing products.

Commercial Strategy

Focusing on Specialty Therapeutic Fields

The Corporation's focus is to market and sell licensed innovative products in Canada and LATAM and select international markets and engage in development, manufacturing and marketing of specialty pharmaceutical branded generic products in LATAM. The Corporation's business model focuses on therapeutic areas covering oncology and hematology, infectious diseases, and other specialty areas where the Corporation believes that there is a market opportunity. Knight is mostly, focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This will enable Knight to use a relatively small salesforce to target these physicians and to profitably capture market share.

This targeted approach may be used for all of Knight's current innovative pharmaceutical products and is a determinant of whether Knight will enter a new therapeutic area or add a new product. For example, Knight's strategy for the Canadian commercialization of Ibsrela® is to promote it to 1,500 physicians who represent 18% of IBS-C prescribers but, more importantly, represent approximately 65% of IBS-C prescriptions. This contrasts with products which are more broadly prescribed, for example, by approximately 44,500 general practitioners in Canada.

Leveraging Specialized Sales and Marketing Infrastructure

Knight's strategy is to grow its drug portfolio and to develop sales and marketing expertise within specialty therapeutic fields in which it is active (i.e. commercial or near-commercial products). With the acquisition of GBT, Knight will work to ensure that commercial expertise and specialty focus within specific countries continues to be a focus and will look to build in areas such as covering oncology and hematology, infectious diseases, and other specialty. This will enable Knight to continue to build on the strategic relationships it has with prescribing physicians and industry contacts.

Outsourcing of Select Functions

To reduce overhead, control expenses and maintain flexibility, the Corporation contracts with various third parties for a number of business activities, including but not limited to:

- administrative services
- laboratory studies, where permitted
- warehousing and logistic services
- select pharmacovigilance activities
- select product manufacturing
- select selling services

By using contract manufacturers to produce its current products (excluding branded generics portfolio), which require relatively small and infrequent production runs, Knight controls its investment in capital and avoids the risks involved in manufacturing.

With the acquisition of GBT, the majority of the branded generic products are manufactured at plants owned by the Company. Knight will continue to assess whether it is more cost effective to manufacture in our own facilities or whether to outsource production, taking into account not just costs but reliability and local import regulations. In addition, Brazilian and Argentinian regulations require pharmaceutical companies to use their own laboratories for the testing and release of all products for their respective markets.

With the acquisition of GBT, Knight is considering which activities may be more efficient to conduct internally as we are conducting the same activity in multiple regions or due to the lower costs of certain activities in specific countries in Latin America.

Strategic Lending to Life Sciences Companies

Knight lends capital on a secured basis to life sciences companies located in various geographic markets. Typically, loans have low to mid-teens interest rates, are secured and may come with additional consideration to the Corporation such as fees and/or equity consideration. Loans often come with product rights or product options for Canada and select international markets. These loans strengthen Knight's ties within the life sciences industry and, in doing so, help to secure product rights for Knight either on a direct or indirect basis. To date, Knight's strategic lending strategy has led to two commercial assets (i.e. Neuragen® and Synergy family of products) as well as a number of early stage pipeline products including the recent in-licensing rights of select Triumvira's future products for certain countries.

Neglected Tropical Diseases and Rare Pediatric Diseases

Knight's strategy includes investing in treatments and cures for neglected tropical diseases and rare pediatric diseases, which may result in revenue from the sale of pharmaceutical products for neglected tropical diseases and rare pediatric diseases respectively, as well as a beneficial interest in future PRVs.

Knight International acquired the worldwide rights to Impavido® as part of its business separation agreement with Paladin. Impavido® is an oral treatment for leishmaniasis, a tropical disease which affects up to 12 million people globally. Knight International engaged in development activities and submitted Impavido® to the FDA for approval. In March 2014, Impavido® was approved in the U.S. by the FDA for the treatment of cutaneous, mucosal and visceral leishmaniasis. With the approval of Impavido® by the FDA, Knight USA was granted a PRV on behalf of its beneficial

owner, Knight International. This PRV was sold by Knight International on November 19, 2014 for US$125,000 to Gilead Sciences, Inc. On September 28, 2015, Knight International appointed Profounda as its commercialization partner for the U.S. Profounda launched Impavido® in the U.S. in March 2016. Knight International is currently looking for commercialization partners in other jurisdictions.

In addition, Knight International started a strategic financing relationship with 60P in December 2015. As part of the agreement, Knight International obtained the commercial rights for all of 60P's products in Canada and select international markets and select products in LATAM. Knight has advanced a total of US$11,395 to 60P which was used for the development of tafenoquine for the prevention of malaria as well as for the regulatory submission of Arakoda™ to the FDA. On Aug 9, 2018, Arakoda™ was approved in the US by the FDA for the prophylaxis of malaria in patients aged 18 years and older.

BUSINESS OF THE CORPORATION

Knight is a pharmaceutical company which acquires, in-licenses, out-licenses, develops, markets and sells Products in Canada, Latin America and in select international markets. Knight's business activities include the following:

Products	• Developing, acquiring or in-licensing the sales and marketing rights to Products • Developing, manufacturing, selling and marketing Products and branded generics • Acquiring mature products from global pharmaceutical companies Launching and marketing innovative pharmaceutical products to prescribing physicians through a direct sales force or a contract sales organization, journal advertisements, continuing medical education materials and sponsorship • Making regulatory submissions to government agencies seeking approval to market clinically-tested therapeutics • Submitting applications to national bodies, provincial and private payers to approve pricing and reimbursement for product • Partnering, co-promoting and/or out-licensing Products • Developing innovative pharmaceuticals to treat neglected tropical diseases and rare pediatric diseases
Strategic Investments	• Pursuing acquisitions and, or making equity investments in specialty pharmaceutical businesses in Canada and select international markets • Financing life science companies in Canada and internationally in order to in-license innovative pharmaceutical products

Sources of Product Opportunities

The Corporation believes that the current industry dynamics have created a number of opportunities for a specialty pharmaceutical company to acquire or license pharmaceutical products to market and distribute profitably. Knight's strategy is to be the Pan-American (ex-USA) partner of choice. Knight aims to enter into long-term agreements with its licensors in order to ensure that the Corporation will have long term benefit of its commercial investments. These opportunities can be categorized in the following manner:

Multinational Pharmaceutical Companies - The Corporation believes that pharmaceutical companies are increasingly focusing on drugs with high sales potential that can significantly impact their profitability. As a result,

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many multinational pharmaceutical companies have products that, despite the opportunity for growth, receive little or no promotion. Knight seeks to either acquire these products outright or offer these companies a means of sharing in the financial benefits of Knight's direct sales and marketing.

Regional Pharmaceutical Companies - U.S. and European specialty pharmaceutical companies or maturing biotech firms that choose to market proprietary products in their respective territories on their own generally do not have the sales and marketing capability to market their products in Canada or Latin America. The Corporation believes that Knight offers a good strategic fit for other specialty pharmaceutical companies without a presence in Canada or Latin America and seeks to represent such companies in these regions.

Emerging Biotech Companies - According to PhRMA, there are more than 8,000 medicines in clinical development globally[1], all of which have the potential to help patients around the world. When negotiating with a multinational pharmaceutical company, Canadian and LATAM distribution rights are not always prioritized. By carving out these territories through a license agreement with a Corporation such as Knight, a biotech company stands to gain additional value as a means of defraying the cost of research and development. In addition, Knight is able to in-license a broader territory and provide more value as opposed to country only license agreements.

Moreover, many emerging biotech companies wish to control and/or actively participate in the commercialization of their products in the U.S or Europe. The Corporation believes that such companies do not have the resources to work internationally and are more inclined to sign regional distribution deals for smaller markets such as Canada and LATAM as well as select international markets. Through its contacts with biotech companies and the venture capital community, the Corporation is made aware of opportunities to acquire the Canadian and other geographical licensing rights to innovative products.

Additionally, the Corporation supports the financing of biotech companies to acquire later stage products. This includes investing in life sciences venture capital funds, lending on a secured basis to life sciences companies and supporting the development of pharmaceutical products for neglected tropical diseases and rare pediatric diseases. The Corporation is no longer investing into the funds, beyond already committed capital.

Branded generics- The market for branded generics in LATAM is highly competitive and well-funded by several large local and multinational companies. The key to success in branded generic industry is to be first on the market. The infrastructure in Argentina which consists of research and development, and manufacturing facilities, enables the Corporation to develop and launch several products in the key therapeutic areas.

Based upon business conditions, Knight's financial strength and other factors, Knight regularly re-examines its business strategies and may change them at any time as circumstances warrant.

Knight's Product Portfolio

The Company's focus is to market and sell innovative products and engage in the development, manufacturing and marketing of specialty pharmaceutical branded generic products in Latin America and Canada, as well as select international markets. The Corporation's business model focuses on therapeutic areas covering oncology and hematology, infectious diseases, and other specialty therapeutic areas.

[1] Source *PhRMA*

Knight expects to expand its product portfolio within existing therapeutic fields in Canada and Latin America, and intends to leverage its expertise in specialty sales and marketing, branded generic development, product acquisition and in-licensing to gain a competitive advantage in delivering pharmaceutical products to the marketplace, thereby decreasing scientific risks, long development timelines and high development costs. In addition, Knight's wholly owned subsidiary, Knight Therapeutics International S.A., develops innovative pharmaceuticals including those used to treat neglected tropical diseases and rare pediatric diseases.

Following the completion of the GBT acquisition, the Corporation's priority is to leverage its existing infrastructure in LATAM and Canada by pursuing multiple avenues of growth that will further strengthen its platform and position Knight as a key player in the pan-American (ex-US) pharmaceutical market. The Corporation is pursuing a three-pronged strategy to build its product portfolio.

1. Acquisition of products, portfolios and companies

Knight is pursuing the acquisition of innovative products including portfolios that have been launched and marketed primarily by large pharmaceutical companies for a number of years. The acquisition of legacy products from global pharmaceutical is accretive to Knight's profitability and represents an opportunity to build a portfolio of owned assets with valuable and well-established brands. The acquisition of Exelon®, completed during 2021, is an example of the execution of this strategy. The Corporation is also pursuing bolt-on corporate acquisitions in certain key markets that would further optimize its footprint, capabilities, and portfolio.

2. In-licensing of innovative products

The Corporation is pursuing the in-licensing of innovative late-stage products in its key therapeutic areas that include oncology/hematology, infectious diseases, immunology, gastrointestinal and central nervous system. In addition, the Corporation remains open to considering the in-licensing of products in other specialty areas where Corporation believes that there may be an attractive market opportunity. The in-licensing strategy represents future growth opportunities as the Corporation launches innovative and unique treatments across its markets.

3. Development of branded generic products

Through the GBT acquisition, the Corporation's development efforts have been concentrated on developing branded generics for Argentina and other LATAM markets. The Company is focusing its near-term efforts on expanding the geographic reach of currently developed branded generics. The Company is working on optimizing its development efforts and capabilities to allow it to access larger opportunities for LATAM as well as in-licensing branded generics for certain LATAM territories.

Prescription Pharmaceutical Products

The following summarizes certain products from Knight's product portfolio.

PRODUCT	INDICATION[1,2]	TERRITORY						PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Oncology/Hematology								
Nerlynx®	Extended adjuvant breast cancer and Metastatic breast cancer	Marketed						Puma
Tafasitamab	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)		Pre-registration	Pre-registration	Pre-registration	Pre-registration	Pre-registration	Incyte
Pemigatinib	Metastatic cholangiocarcinoma		Pre-registration	Pre-registration	Pre-registration	Pre-registration	Pre-registration	Incyte
Trelstar®	Advanced prostate cancer	Marketed						Debiopharm
Vidaza®	Myelodysplastic syndrome		Marketed					Celgene (BMS)
Abraxane®	Metastatic pancreatic		Marketed					Celgene (BMS)
Halaven ®	Metastatic breast cancer and Soft tissue sarcoma		Marketed	Marketed	Marketed		Marketed	Eisai
Lenvima®	Differentiated thyroid cancer and Unresectable hepatocellular carcinoma		Marketed	Marketed	Marketed		Marketed	Eisai
Lenvima®	Advanced renal cell cancer		Marketed	Marketed			Marketed	Eisai
BGx								
Ladevina®	Multiple myeloma; Myelodysplastic syndrome			Marketed	Marketed		Marketed	Own
Ladevina®	Mantle Cell Lymphoma; Follicular lymphoma			Marketed			Marketed	Own
Zyvalix®	Metastatic prostate cancer			Marketed	Marketed		Marketed	Own
Karfib®	Relapsed or refractory multiple myeloma			Marketed			Approved	Own
Leprid®	Palliative treatment of advanced prostate cancer			Marketed				Own
Rembre®	Chronic myeloid leukemia			Marketed	Marketed			Own

[1]The indication for all products in "pre-registration" is the anticipated indication upon regulatory approval.
[2]Refer to the "Products" section below for further details on the indication.

PRODUCT	INDICATION[1,2]	TERRITORY						PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Infectious Diseases								
Ambisome®	Invasive fungal infection		Marketed					Gilead
Cresemba®	Invasive fungal infection		Marketed	Marketed	Marketed	Marketed	Marketed	Basilea
Impavido®	Leishmaniasis						Marketed	Own
Other Specialty								
Exelon®	Symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's and Parkinson´s disease	Marketed	Marketed	Marketed	Marketed	Marketed	Marketed	Own
Ibsrela™	IBS-C	Marketed						Ardelyx
Salofalk®	Ulcerative colitis				Marketed		Marketed	Dr. Falk
Ursofalk®	Primary biliary cirrhosis			Marketed	Marketed		Marketed	Dr. Falk
Imvexxy™	Moderate-to-severe dyspareunia	Approved						TXMD
Bijuva™	Moderate-to-severe vasomotor symptoms due to menopause	Approved						TXMD
BGx								
Fibridoner®	Idiopathic pulmonary fibrosis			Marketed			Marketed	Own
Toliscrin® DPI	Pseudomonas aeruginosa lung infection in patients with cystic fibrosis			Marketed			Marketed	Own
Toliscrin® 1-2	Severe acute or resistant chronic infections due to colistin sensitive strains of gram-negative pathogenic bacilli			Marketed			Marketed	Own
Tobradosa Haler®	Chronic lung infections due to Pseudomonas aeruginosa			Marketed			Marketed	Own

[1]The indication for all products in "pre-registration" is the anticipated indication upon regulatory approval.
[2]Refer to the "Products" section below for further details on the indication.

Oncology/Hematology

Tafasitamab and Pemigatinib

On September 22, 2021, Knight entered into a definitive agreement with Incyte for the exclusive rights to distribute tafasitamab (sold as Monjuvi® in the United States and Minjuvi® in Europe) and pemigatinib (Pemazyre®) for Latin America. Under the terms of the agreement Knight will be responsible for seeking the necessary regulatory approvals and distributing both products in Latin America.

Tafasitamab in combination with lenalidomide is approved in the United States and Europe for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma ("DLBCL") who are not eligible for autologous stem cell transplant (ASCT). DLBCL is the most common type of non-Hodgkin lymphoma, and there are approximately 12,000 - 16,000 new cases of DLBCL each year in Latin America[1] [2].

Pemigatinib is approved in the United States, Europe and Japan for the treatment of adult patients with locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 ("FGFR2") fusion or

[1] *Globocan 2020*
[2] *Li S et al. Pathology. 2018 Jan;50(1):74-87.*

All dollar amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

rearrangement that have progressed after at least one prior line of systemic therapy. Cholangiocarcinoma is the most common cancer of the bile duct. FGFR2 fusions or rearrangements have been observed in 10-16%[1] of patients with intrahepatic cholangiocarcinoma, whereas the incidence in patients with extrahepatic cholangiocarcinoma is rare. There are approximately 4,000 - 6,000 new cases of intrahepatic cholangiocarcinoma each year in Latin America[2] [3]. Knight expects to submit tafasitamab in key LATAM countries in 2022 and pemigatinib in 2023.

Nerlynx®

On January 9, 2019, Knight entered into an exclusive license agreement with Puma for the exclusive right to commercialize Nerlynx® (neratinib) in Canada. On July 16, 2019, Nerlynx® was approved by Health Canada for the extended adjuvant treatment of women with early-stage hormone receptor positive and HER2-overexpressed/amplified breast cancer following adjuvant trastuzumab-based therapy. On July 6, 2021 Health Canada has approved Nerlynx® (neratinib) in combination with capecitabine for the treatment of adult patients with metastatic HER2-overexpressed/amplified breast cancer, who have received two or more prior anti-HER2-based regimens in the metastatic setting. In December 2019 pERC published their final report recommending that Nerlynx® should not be reimbursed through the public drug plans. Knight launched NERLYNX® at the end of 2019 and the Company is focused on ensuring access to patients. Nerlynx® is now covered by several private insurance companies in Canada. According to IQVIA data, Nerlynx® sales in Canada were $370 and $1,561 for the three-month period and year ended December 31, 2021 which represents a growth of 34% and 264% compared to the same period in prior year.

Trelstar®

On January 8, 2020, Knight announced that the Company entered into an agreement with Debiopharm for the Canadian commercial rights of Trelstar®(tripotorelin), for the treatment of advanced prostate cancer and the management and relief of chronic pain associated with endometriosis. On April 20, 2020, the Company announced that it took over commercial activities from Debiopharm's previous partner, Allergan and is commercializing Trelstar® in Canada. According to IQVIA data, Trelstar® sales in Canada were $874 and $2,862 for the three-month period and year ended December 31, 2021 which represents a growth of 20% and 32% compared to the same respective period in prior year.

Vidaza®

Vidaza® (azacytidine) is indicated for the treatment of patients with Myelodysplastic Syndrome of the subtypes: Refractory anemia (RA) or refractory anemia with ringed sideroblasts (if accompanied by neutropenia or thrombocytopenia or requiring transfusions), refractory anemia with excess blasts, refractory anemia with excess blasts in transformation, and chronic myelomonocytic leukemia. Knight holds the rights to commercialize the product in Brazil through a distribution agreement with BMS which was renewed in 2021.

Abraxane®

Abraxane® (paclitaxel protein-bound particles for injectable suspension) is indicated for the first-line treatment of patients with metastatic pancreatic adenocarcinoma, in combination with gemcitabine. Knight holds the rights to commercialize the product in Brazil through a distribution agreement which was renewed in 2021. The Company previously held the rights to commercialize the product in Mexico, which terminated on August 17, 2020.

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[1] *Jain A et al. JCO Precision Oncology 2018 :2, 1-12*

[2] *Globocan 2020*

[3] *Lafaro KJ et al. Gastroenterol Res Pract. 2015;2015:860861*

Halaven®

Halaven® (eribulin mesylate) injection is a synthetic derivative of halicondrin B, belonging to the halichondrin class of antineoplastic agents. Halaven® is indicated for (1) the treatment of adult patients with locally advanced or metastatic breast cancer who have progressed after at least one chemotherapeutic regimen[1] for advanced disease. Prior therapy should have included an anthracycline and a taxane in either the adjuvant or metastatic setting unless patients were not suitable for these treatments, and (2) the treatment of patients with unresectable soft tissue sarcoma who have received prior chemotherapeutic regimen for advanced or metastatic disease. Halaven® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico. The Company received regulatory approval for Halaven® in Colombia and launched the product in March 2022.

Lenvima®

Lenvima® (lenvatinib) is indicated for the following three indications (1) the treatment of adult patients with progressive, locally advanced or metastatic, differentiated (papillary/follicular/Hürthle cell) thyroid carcinoma, refractory to radioactive iodine, (2) the treatment of adult patients with advanced or unresectable hepatocellular carcinoma who have received no prior systemic therapy, and in certain LATAM countries for (3) the treatment of adult patients with advanced renal cell carcinoma following one prior anti-angiogenic therapy, in combination with everolimus. Lenvima® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico. The Company received regulatory approval for Lenvima® in Colombia and launched the product in February 2022[2]. Lenvima® was launched in Brazil in April 2018 and Chile in June 2020. According to IQVIA, Lenvima® sales in Brazil were BRL 8,762 [$1,979] and BRL 29,004 [$6,777] for the three-month period and year ended December 31, 2021 which represents a growth of 47% and 9% compared to the same respective periods in prior year.

Ladevina®

Ladevina® (lenalidomide) is indicated for (1) the treatment, as a maintenance monotherapy, of patients with newly diagnosed multiple myeloma, who have had an autologous stem cell transplant and, in patients with relapsed or refractory mantle cell lymphoma[3], (2) the treatment of patients with transfusion-dependent anemia due to low-risk and intermediate-1 myelodysplastic syndromes linked to a 5q deletion cytogenetic abnormality with or without abnormalities, (3) the treatment, in combination therapy, of adult patients with multiple myeloma without prior treatment who are not candidates for a transplant[2], and (4) the treatment, in combination with Dexamethasone and in second line, of multiple myeloma patients who have received at least one prior therapy and have not responded to treatment. Ladevina® is part of Knight's proprietary branded generic portfolio and is commercialized in Argentina, Chile, Colombia, Peru, Ecuador, Bolivia, Paraguay, Uruguay and Central America.

Zyvalix®

Zyvalix® (Abiraterone acetate) is indicated in combination with prednisone or prednisolone for the treatment of castration-resistant metastatic prostate carcinoma and castration sensitive high-risk metastatic prostate carcinoma. Zyvalix® is part of Knight's proprietary branded generic portfolio and is commercialized in Argentina, Chile, Colombia, Peru, and Bolivia.

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[1] *In Colombia after at least two chemotherapeutic regimen for advanced disease*

[2] *Lenvima® 4mg launched in Colombia in November 2021.*

[3] *Indication does not apply in Colombia.*

Karfib®

Karfib® (Carfilzomib) is indicated as a single agent for the treatment of patients with relapsed or refractory multiple myeloma who have received one or more previous lines of therapy. Karfib® in combination with dexamethasone or with lenalidomide plus dexamethasone is indicated for the treatment of patients with relapsed or refractory multiple myeloma who have received one to three previous lines of therapy. Karfib® is part of Knight's proprietary branded generic portfolio. The Company launched Karfib® in Argentina during 2020.

Leprid®

Leprid® is indicated for palliative treatment of advanced prostate cancer. Leprid® is part of Knight's proprietary branded generic portfolio and is currently marketed in Argentina.

Rembre®

Rembre® is indicated for treatment of chronic myeloid leukemia with positive Philadelphia chromosome (Ph+). Rembre® is part of Knight's proprietary branded generic portfolio and is marketed in Argentina. In 2021, the Company received regulatory approval for Rembre® in Colombia and launched the product in February 2022.

Infectious Diseases

AmBisome®

AmBisome® (amphotericin B) is a non-pyrogenic lyophilized sterile intravenous infusion of liposomal amphotericin B. It is indicated for (1) the empirical therapy of presumed fungal infections in febrile, neutropenic patients, (2) for the treatment of cryptococcal meningitis, (3) for the treatment of severe deep mycotic infections, endemic and opportunistic systemic mycosis, (4) for the treatment of persistent fever of undetermined origin in neutropenic patients who do not respond to antibiotic therapy after 96 hours which is highly indicative of systemic fungal infection caused by *Candida, Aspergillus* or *Cryptococcus*, and (5) treatment of visceral leishmaniasis in adults and immunocompetent children. AmBisome® is licensed from Gilead and has been part of Knight's Brazilian affiliate's portfolio for over twenty years. Knight is responsible for all commercial activities in Brazil as well as Bolivia, Paraguay and Peru. On October 26, 2020, the Company announced that they signed a new exclusive agreement with Gilead for the commercialization of AmBisome® in Brazil. The new agreement is effective starting January 1, 2021.

Cresemba®

Cresemba® (isavuconazonium sulfate) is an azole antifungal agent indicated for use in adults for the treatment of invasive aspergillosis and invasive mucormycosis. Cresemba® is licensed from Basilea and Knight holds the rights to commercialize the product in Latin America. Cresemba® is commercialized in Argentina, Colombia, Mexico, Chile, Peru. Cresemba® was launched in Mexico in June 2019 and in Brazil in April 2020. According to IQVIA, Cresemba® sales in Brazil were BRL 1,084 [$245] and BRL 2,708 [$635] for the three-month period and year ended December 31, 2021 which represents a growth of 342% and 557% compared to the same respective periods in prior year. According to IQVIA, Cresemba® sales in Mexico were MXN 18,890 [$1,148 CAD] and MXN 103,694 [$6,461 CAD] for the three-month period and year ended December 31, 2021 which represents a growth of 1% and 108% compared to the same respective periods in prior year.

Impavido®

On February 27, 2014, Knight acquired the worldwide rights to Impavido® as part of its business separation agreement with Paladin. Impavido® is an oral drug treatment based on miltefosine for the visceral, cutaneous and

mucocutaneous leishmaniasis which is caused by a protozoa parasite from over 20 Leishmania species and is approved for sale in the U.S, Germany, Nepal and Israel. Impavido® was launched in the U.S in March 2016 by Knight's commercialization partner, Profounda.

Other Specialty Therapeutic Areas

Exelon®

On May 26, 2021, the Company entered into an agreement with Novartis to acquire the exclusive rights to manufacture, market and sell Exelon®, in Canada and Latin America as well as an exclusive license to use the intellectual property and the Exelon trademark, from Novartis within those territories. Exelon® is a prescription product that was first approved in 1997 and is currently registered and sold in approximately 90 countries. Exelon® is indicated for the symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease and Parkinson's disease.

Knight has entered into a transition service agreement with Novartis until transfer of marketing authorization, on a country-by-country basis during which Knight will receive a net profit transfer. Knight will begin distributing Exelon® upon transfer of marketing authorization, on a country-by-country basis and is currently working on the submission for the transfers of the marketing authorization throughout all its territories. The Company has submitted the transfer of marketing authorizations for Brazil, Colombia, Mexico and Chile. Furthermore, Knight has received the regulatory notification that the marketing authorization for Exelon® in Brazil will transfer to its affiliate in June 2022 and expects the marketing authorizations for other territories to start transferring in the second half of 2022.

Ibsrela®

On March 16, 2018, Knight entered into an exclusive licensing agreement with Ardelyx to commercialize Ibsrela® (tenapanor) in Canada. Ibsrela® is a first-in-class small molecule treatment for IBS-C. Ardelyx received regulatory approval for Ibsrela® from the US FDA in September 2019. On April 17, 2020, the Company announced that Ibsrela® was approved by Health Canada. The Company launched Ibsrela® in March 2021 and has obtained reimbursement with most private insurers across Canada. According to IQVIA data, Ibsrela® sales in Canada were $83 and $189 for the three-month period and year ended December 31, 2021.

Salofalk®

Salofalk® is indicated for treatment of ulcerative colitis in both acute attacks and relapse prevention as well as for the treatment of acute episodes of Crohn's disease. Salofalk® is licensed from Dr. Falk Pharma and Knight holds the rights to commercialize the product in Colombia, Argentina, Chile and Peru.

Ursofalk™

Ursofalk™ is indicated for the treatment of the primary biliary cirrhosis. Ursofalk™ is licensed from Dr. Falk Pharma and Knight holds the rights to commercialize the product in Colombia, Argentina, Peru and Chile.

Imvexxy™ and Bijuva™

On July 31, 2018, Knight entered into an exclusive licensing agreement for the commercial rights of Imvexxy™ and Bijuva™ in Canada and Israel. Imvexxy™ is a TXMD FDA-approved product (estradiol vaginal inserts), for the treatment of moderate-to-severe dyspareunia (vaginal pain associated with sexual activity), a symptom of vulvar and vaginal atrophy (VVA), due to menopause. Bijuva™ was approved by the U.S. FDA on October 18, 2018, is a bio-identical hormone therapy combination of estradiol and progesterone in a single, oral softgel for the treatment of

moderate-to-severe vasomotor symptoms due to menopause. Both Imvexxy™ and Bijuva™ were approved by Health Canada during Q3-20. The Company expects to launch both products in 2023.

Fibridoner®

Fibridoner® (pirfenidone) is indicated for the treatment of mild to moderate idiopathic pulmonary fibrosis in adults. Fibridoner® is part of Knight's proprietary branded generic portfolio

Toliscrin®

Toliscrin® (Colistimethate sodium) for injection is indicated for the treatment of severe acute or resistant chronic infections due to colistin sensitive strains of gram-negative pathogenic bacilli. It is particularly indicated when the infection is caused by sensitive strains of Pseudomonas aeruginosa.

The inhaled colistimethate sodium is used in the treatment of airway colonisation or infection due to Pseudomonas aeruginosa that is resistant to tobramycin. Toliscrin® is part of Knight's proprietary branded generic portfolio.

Tobradosa Haler®

Tobradosa Haler® is indicated for the treatment of chronic lung infections due to Pseudomonas aeruginosa in adults and children from 6 years of age with cystic fibrosis. Tobradosa Haler ® is part of Knight's proprietary branded generic portfolio.

Branded Generics Pipeline

The Company has a pipeline of undisclosed molecules which could potentially be launched as branded generic products in the future. The BGx pipeline includes internally developed and in-licensed products in the following stages:

1. **Development**: Formulation or clinical development on-going
2. **Regulatory Review**: Molecule has been submitted by the Company to a health authority agency for approval
3. **Pending Launch**: Molecule has obtained regulatory approval, but launch is pending additional local technical requirements

The Company believes that the BGx pipeline will drive future growth but there is no certainty that any of these molecules will be launched due to inherent development, regulatory, legal and commercial risks in launching a BGx product.

Country	Therapeutic Area	Number of molecules	Stage of development	Expected launch year
Argentina	Oncology/Hematology	2	Development	2024-2025
Argentina	Immunology	1	Development	2024
Argentina	Oncology/Hematology	1	Regulatory Review	2024
Argentina	Immunology	1	Regulatory Review	2024
Argentina	Oncology/Hematology	2	Pending Launch	2023
Colombia	Oncology/Hematology	2	Development	2024-2025
Colombia	Oncology/Hematology	1	Regulatory Review	2024
Chile	Oncology/Hematology	3	Development	2024-2025
Brazil	Oncology/Hematology	1	Development	2024-2025

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Sales and Marketing

Knight's sales and marketing strategy is focused on three key activities: creating demand among targeted prescribers, ensuring distribution to appropriate points of sale and securing reimbursement for patients. Knight may expand its sales and marketing team and capabilities in territories where it launches and acquires additional products. Knight expects to market its products to general practitioners and specialty physicians using a salesforce as well as through indirect marketing.

Securing Reimbursement for Patients - Knight recognizes that gaining reimbursement from public and private payers is a key success factor to marketing pharmaceutical products. In each of the territories where Knight operates, Knight's market access and commercial teams pursue several market access strategies to obtain public reimbursement and private reimbursement through insurance companies or health maintenance organizations (HMO).

Creating Demand Among Targeted Prescribers - Knight utilizes a "pull-through" marketing approach that is typical of pharmaceutical companies. Knight's sales representatives will demonstrate the features and benefits of its products to physicians who may write prescriptions for Knight's products. These physicians write prescriptions for their patients, who, in turn, take the prescriptions to pharmacies to be filled. The pharmacies then place orders with the wholesalers, or, in case of large chain pharmacies, their distribution centers, to which Knight will sell its products.

Knight employs dedicated physician salesforce teams in each of its countries where Knight has commercial operations. The Corporation believes that it can effectively reach its core prescriber group with a focused sales team because of the concentrated nature of the specialty markets in which it competes and because of the Corporation's use of fact-based physician targeting tools. The Corporation uses fact-based physician targeting in order to obtain the greatest return for its sales effort. The Knight sales team use the data to focus on this smaller, high potential group while other marketing tactics, such as advertising, direct mail or conferences, will be used to reach the balance of the market in a more efficient manner.

Knight organizes and supports various continuing education initiatives to ensure that physicians are kept informed of the most current practices in using the Corporation's products. The Corporation believes that participation in medical conferences in Canada and internationally is important in building awareness of the Corporation's products and their benefits among its target groups. Conference participation will be further used to build the supportive relationship between the Corporation and its core physician target groups.

Knight may fund and support phase 4 clinical studies as may be appropriate for its current or future products. These studies benefit the Corporation by generating new data which may subsequently be published, and by positioning Knight as a supporter of new medical research among its core physician target group.

The Corporation is also active in working to build awareness and encourage the use of its brands by working with and supporting consumer advocacy groups in their areas of interest. The Corporation believes that this activity helps to generate awareness of the brands directly with patients.

Ensuring Distribution to Appropriate Points of Sale - Knight will employ a variety of tactics to support its own direct sales efforts to ensure that its products are available for sale at the appropriate distribution points, including pharmacies and/or hospitals.

Manufacturing and Distribution

Knight does not manufacture many of its products directly, but rather outsources this function for certain products to third parties, including licensors. Through contractual arrangements and quality control audits, Knight ensures that its products are manufactured in accordance with the current GMP, consistent with regulatory requirements. In addition, under most of the Corporation's product license agreements, the licensor retains the rights and obligation to manufacture the licensed product. With the acquisition of GBT, Knight acquired three (3) manufacturing plants in Argentina. The majority of the branded generic products are manufactured at these plants. Knight will continue to assess whether it is more cost effective to manufacture in our own facilities or whether to outsource production, taking into account not just costs but reliability and local import regulations.

Knight's products are currently available only from sole or limited suppliers. These third-party manufactured products and those manufactured at GBT facilities have accounted for all of Knight's revenues.

Knight depends on third parties for the supply of the raw materials and API necessary to develop and manufacture its products, including the active and inactive pharmaceutical ingredients used in its products. Knight is required to identify the supplier of all the raw materials for its products in the drug applications that it files with Health Canada, LATAM health authorities, the FDA and the EMA. If the API or raw materials for a particular product become unavailable from an approved supplier specified in a drug application, Knight would be required to qualify a substitute supplier with each regulatory body where the product is approved, which would likely interrupt manufacturing of the affected product. To the extent practicable, Knight attempts to identify more than one supplier in each drug application. However, some API and raw materials are available only from a single source and, in some of its drug applications, only one supplier of API or raw materials has been identified, even in instances where multiple sources exist. To the extent that the manufacturing costs charged by third party contractors increase and such costs are not able to be fully passed on to the Corporation's customers, the profit margins of the Corporation on its products may be adversely impacted.

Under some of its agreements, Knight may be required to purchase a minimum amount of API or raw materials and/or order a minimum amount of manufactured products. Generally, Knight must pay a shortfall penalty if it does not meet its minimum requirements. The inability to supply can have a material adverse effect on the Corporation's financial condition and results of operations and cash flows.

Competition

The market for drugs is highly competitive with many established manufacturers, suppliers and distributors actively engaged in all phases of the business. Knight believes that competition in the sale of pharmaceutical products is based primarily on efficacy, reimbursement coverage, brand awareness, availability, product safety and price. As Knight acquires brand name pharmaceutical products, they may be subject to competition from alternate therapies during the period of patent protection and thereafter from generic or other competitive products. All of Knight's products compete with generic and/or other competitive products in the marketplace. Competing in the branded product business requires Knight to identify and quickly bring to market new products embodying technological innovations. Successful marketing of branded products depends primarily on the ability to communicate the efficacy, safety and value to healthcare professionals in private practice, group practices and health care organizations. The Corporation anticipates that its branded product offerings will support its existing areas of therapeutic focus.

Many of Knight's competitors are large well-known pharmaceutical companies which have considerably greater financial, sales, marketing and technical resources than those of the Corporation. In addition, many of the

Corporation's present and potential competitors have research and development capabilities that may allow such competitors to develop new or improved products that may compete with the Corporation's products.

The pharmaceutical industry is characterized by continued product development and technological change. The Corporation's products could be rendered obsolete or uneconomical by the development of new pharmaceuticals to treat the conditions addressed by the Corporation's products, as a result of technological advances affecting the cost of production, or as a result of marketing or pricing action by one or more of the Corporation's competitors.

In Canada and LATAM, Knight competes with Innovative Drug manufacturers, innovative pharmaceutical companies that license and distribute Innovative Drugs, and Generic Drug manufacturers. Within each of Knight's therapeutic fields, other drug companies offer competitive products. For example, Impavido® is approved in Germany, Israel and the U.S., and faces generic competition in some of its markets. The Corporation competes with specialty pharmaceutical companies in Canada such as Acerus Pharmaceuticals Corporation, Pharmascience, HLS Therapeutics Inc., and regional affiliates of multinationals, such as Bausch Health Canada Ltd., and Endo International plc's subsidiary Paladin, in securing the Canadian rights to new products. In Latin America, Knight faces competition for licenses from affiliates of multi-national companies, such as Abbott or Bausch Health, as well as large local players such as Pint Pharma, EMS Eurofarma, Hypera Pharma, Tecnofarma, ProCaps, Gador, and Bago as they look to grow in the region. In addition, in Latin America, GBT's branded generic business competes with large local players such as a Tecnofarma, Roemmers, Gador, Bago as well multi-national players such as Sandoz, Teva, Dr. Reddy and Cipla.

Licensing and Intellectual Property

The pharmaceutical industry places great emphasis on brand differentiation by the use of trademarks. Thus, while some of the Corporation's products do not have patent protection, the Corporation believes that many of the products it intends to sell are differentiated based on their recognizable trademarks.

The Corporation's success depends in part on its ability to obtain patents, protect trade secrets, operate without infringing the proprietary rights of others and prevent others from infringing on its proprietary rights.

Potential Liability and Insurance

The Innovative drugs distributed by the Corporation contain medicinal ingredients that have been approved for marketing by Health Canada, the FDA and the EMA. The branded generics have been approved in various countries in LATAM and are generics of products that have been approved in Europe and US. The Corporation faces an inherent business risk of exposure to significant product liability and other claims in the event the use of the Corporation's products results, or is alleged to have resulted, in adverse effects. Knight maintains product liability insurance to cover such risks. The Corporation has never been involved in any significant legal proceedings or been the subject of any claim regarding the safety of its Products.

Knight's Fund Investment Portfolio

Knight invests in life sciences venture capital funds in which the Company earns a return similar to any other limited partner in the fund and may receive preferential access to innovative healthcare products from around the world for Canada and select international markets. Since inception of the fund strategy, Knight has committed to invest with the following capital fund managers for approximately $126,653 of which $17,785 remains committed as at December 31, 2021 and may be called over the life of the funds. To date, the Corporation has invested $147,191 in strategic funds and received distributions of $118,873 on which a gain of $61,635 has been realized. Furthermore,

as at December 31, 2021, the fund investments were recorded at their fair value of $151,389 including a unrealized gains of $61,436. The Corporation is no longer investing into the funds, beyond already committed capital.

Fund Manager	Fund Commitment	
	In Source Currency (in thousands)	In Canadian Dollars (in thousands)[1]
Teralys Capital	C$30,000	$30,000
Domain Associates LLC	US$25,000	$29,063
Forbion Capital Partners	EUR19,500	$27,550
Sectoral Asset Management[2]	US$13,000	$13,919
Sanderling Ventures LLC	US$10,000	$11,625
HarbourVest Partners LLC	C$10,000	$10,000
TVM Capital GmbH	US$1,600	$1,996
Bloom Burton Healthcare Lending Trust[3]	C$1,500	$1,500
Genesys Capital Management (Fund III) Inc.	C$1,000	$1,000
Total		**$126,653**

[1] Converted at the Bank of Canada noon exchange rates as of the commitment dates (using the December 31, 2021 closing rates total fund commitment would be $133,584)

[2] Knight received a full return of capital from its US$13,000 investment in Sectoral's NEMO II and subsequently committed to reinvest US$10,000 into Sectoral's NEMO III

[3] Represents an investment in a debt fund

Knight's Strategic Loans

Knight finances other life sciences companies in geographic markets with the goal of strengthening relationships in the life sciences industry, and securing product distribution rights for Canada, LATAM and select international markets. Typically, loans have low double-digit interest rates and may come with additional consideration to the Company. Loans often come with product rights or product options for Canada and select international markets. These loans strengthen Knight's ties within the life sciences industry and, in doing so, helped secure product rights for Knight either on a direct or indirect basis. As of the date hereof, Knight has four secured loans outstanding to life sciences companies as outlined in the table below. To date, the strategic lending portfolio has led to the acquisition of Neuragen and the in-licensing of several products from Antibe, 60P family, Profound and Triumvira.

Entity	Status	Original Loan Amount	Base Interest Rate	Nominal loan balance as at December 31, 2021		Maturity
				In Source Currency	In Canadian Dollars[1]	
Synergy[2]	Active	US$21,500	10.5%-15%	US$5,500	$6,973	2021
60P	Active	US$11,395	15%	US$6,310	$8,000	2023
Moksha8[3]	Active	US$11,500	15%	US$11,993	$15,205	2023
Other strategic loan	Active	US$2,738	10%	US$2,771	$3,513	2025
Triumvira[4,5]	Repaid	US$5,000	15%	-	-	N/A
CRH	Repaid	US$30,000	12%	-	-	N/A
PBB	Repaid	US$15,000	12%	-	-	N/A
Apicore	Repaid	US$6,500	15%	-	-	N/A
Origin	Default[6]	$850	15%	-	-	N/A
Extenway	Impaired	$800	15%	-	-	N/A
Profound	Repaid	$4,000	15%	-	-	N/A
Pediapharm	Repaid	$1,250	12%	-	-	N/A
Antibe	Converted[7]	$500	10%	-	-	N/A
Ember[8,9]	Impaired	US$1,000	12.50%	-	-	N/A
Medimetriks[10]	Repaid	US$23,000	13%	-	-	N/A
Crescita	Repaid	$6,841	9%	-	-	N/A

[1] Converted at the Bank of Canada closing exchange rates on December 31, 2021
[2] Includes US$11,500 loaned in 2015 and US$10,000 loaned in 2017. The 2015 loans were fully repaid as of January 31, 2018
[3] Knight received warrants representing 5% of the fully diluted shares of Moksha8
[4] Knight received warrants to purchase 3.5% of Triumvira's fully diluted common shares
[5] Knight will receive the exclusive right to commercialize Triumvira's future approved products in Canada, Israel, Mexico, Colombia and for TAC01-CD19 for Israel, Mexico, Brazil and Colombia if certain conditions are met
[6] Acquired assets related to Neuragen® pursuant to an order of The Supreme Court of Nova Scotia following default by Origin
[7] On March 27, 2018, Knight converted the debt into 2,489,889 common shares
[8] 50% of the Ember loan was assigned to the Bloom Burton Healthcare Lending Trust
[9] The original maturity date was in 2016 but the loan remains outstanding
[10] In March 2018, Knight received early repayment of US$20,000 from Medimetriks

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Personnel and Employees

As of the date hereof, Knight has 660 employees in Canada and LATAM whose collective responsibilities relate primarily to business development, sales and marketing, operations, manufacturing scientific affairs (including research and development) and administration. Additionally, Knight engages several consultants for various services. In addition, 99 employees in Brazil, 7 of whom have global or regional responsibilities, and 180 employees in Argentina are unionized.

Department	Corporate	Canada	Brazil	Argentina	Colombia	Other
Commercial	4	17	57	50	33	46
Scientific Affairs	4	9	14	110	14	13
Supply and Manufacturing	8	1	1	124	7	8
Administrative	38	3	20	33	18	28
Total	**54**	**30**	**92**	**317**	**72**	**95**

RISKS RELATED TO KNIGHT'S BUSINESS

Investing in the Corporation's securities involves a significant amount of risk. Potential investors should carefully consider the risks described below, together with all of the other information in Knight's publicly filed documents, before making an investment decision. If any of the following risks occurs, Knight's business, financial condition or results of operations and financial condition could be adversely affected. In any such case, the trading price of the Common Shares could decline, and investors could lose all or part of their investment.

Dependence on Key Person, Ability to Hire and Retain Key Personnel

The success of Knight is dependent, in part, on the services of its Executive Chairman, Jonathan Ross Goodman. Mr. Goodman suffered an accident in August 2011 from which he has not yet fully recovered, and continues to deal with his energy levels and memory retrieval issues. The experience of this individual will be a significant contributing factor to Knight's continued success and potential growth. The loss of Mr. Goodman's services on a short, medium, long term or on a temporary basis could have a material adverse effect on Knight's operations and business prospects. In addition, Knight believes that its future success will depend in large part on its ability to attract and retain additional highly skilled technical, management, and sales and marketing personnel. There can be no assurance that Knight will be successful in attracting and retaining such personnel, and the failure to do so could have a material adverse effect on Knight's business, operating results and financial condition.

Ability to Implement Knight's Strategy to Grow the Business

Knight's business strategy is largely based on increasing sales and net income through strategic acquisitions, licensing agreements and internal growth initiatives intended to develop marketing opportunities with respect to acquired product lines. Knight's business strategy is focused on enhancing its competitive standing through the promotion and sale of new products through new marketing and distribution channels. Since Knight engages in limited proprietary research activity with respect to product development, it relies heavily on in-licensing or acquiring purchasing product lines from other companies.

Other companies, many of which have substantially greater financial, marketing and sales resources than Knight, compete for the acquisition of products. Knight may not be able to acquire rights to additional products on acceptable terms, if at all, or be able to obtain future financing for acquisition on acceptable terms, if at all. The inability to effect acquisitions of additional branded products could limit the overall growth of the business.

All dollar amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

Furthermore, even if Knight can obtain rights to pharmaceutical products, Knight may not generate sales sufficient to create a profit or otherwise avoid a loss.

Knight's Business Plan and Strategy rely, in part, on Investments and Acquisitions

Knight's business plan is focused in part on growth by identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively integrating such businesses in Knight's business and operations. The Corporation may be unsuccessful in evaluating material risks involved in completed and future investments which could impact the Corporation's ability to realize the expected benefits from future investments and acquisitions. Further, if Knight is unable to manage its growth effectively, this could adversely impact its financial position and results of operations. There can be no assurance that Knight will be able to identify suitable acquisition candidates or that Knight will be able to acquire assets or companies on an accretive basis.

The successful integration of new operations arising from Knight's acquisition business plan and strategy, including the acquisition of GBT, requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus. Integration activities, including integrating processes, management, technologies and manufacturing capabilities, can result in unanticipated operational problems, expenses and liabilities. If Knight is not successful in executing its integration strategies in a timely and cost-effective manner, it will have difficulty achieving its growth and profitability objectives.

Pricing pressure and demand fluctuations

Our customers may undergo consolidation and may form strong commercial alliances leading to increased pressure on price, as well as terms and conditions required to do business. In addition, our customers are proactively managing their business in order to constantly lower the cost of drug prices. Further, as governments, insurers and health institutions attempt to manage their budgets after COVID-19, they may update regulations on pricing, price increases and reimbursement of pharmaceutical products. For example, since 2019, Programa de Atención Médica Integral ("PAMI"), our largest customer in Argentina has been moving their drug procurement model from a direct purchase model from pharmaceutical companies to a tender process based on solely pricing. In addition, during 2021, the Colombian Ministry of Health instituted an emergency measure in response to the COVID-19 pandemic and banned price increases on pharmaceutical products that may be used in the treating COIVD-19 and associated diseases.

Our revenues may also be affected by fluctuations in the buying patterns of our customers, whether resulting from seasonality, pricing, wholesaler buying decisions or other factors. As customers, move to a tender process for the acquisition of customers, the Corporation revenues and results from operations may be negatively impacted due to the binary nature of the results from the tenders. In 2021, Knight recorded approximately $13,500 to $16,300 of revenues related to a higher demand for our infectious diseases to treat invasive fungal infections associated with Covid-19. Such sales may not continue into 2022.

Ability to Integrate New Products and Companies in Canada and Internationally

The integration of newly acquired products and companies into Knight's business will require significant management attention and expansion of marketing, sales, and general and administrative staff. Knight's strategic direction includes becoming an international specialty pharmaceutical company. Knight's management has been focused on the integration of GBT. As Knight's management remains focused on integration, they may deviate from

other operating concerns. Knight's management has limited experience operating in LATAM and as a result of this inexperience Knight management may not be able to properly integrate, manage and grow in LATAM.

In May 2021, Knight acquired the exclusive rights to manufacture, market and sell Exelon®, in Canada and Latin America as well as an exclusive license to use the intellectual property and the Exelon trademark, from Novartis within those territories.

Investing and operating in international locations including emerging markets carry substantial inherent financial, legal and political risks. If Knight cannot integrate its acquisitions successfully, these changes and acquisitions could have a material adverse effect on the business, financial condition, results of operations and cash flows. In addition, potential future acquisitions in international jurisdictions are subject to risks inherent in conducting business abroad, including possible nationalization or expropriation, price and currency exchange controls, fluctuations in the relative values of currencies, political instability and restrictive governmental actions. In addition, as a result of the acquisition, (including the GBT acquisition) there may also be liabilities and contingencies that the Corporation discovered after closing of the transaction, or was unable to quantify in the due diligence conducted prior to closing of the transaction and which could have negative effect on the Corporation's business and financial performance.

The Corporation's growth in the next few years will come from product launches and acquisitions which will require substantial investment before Knight earns returns on these products. Each new product launch requires significant promotional investment during the first three to five years from launch and during the early years of a launch the Corporation will not have significant revenues from these products. There is no guarantee that a new product will obtain physician and patient acceptance and earn sufficient revenues to deliver profitable growth. Knight and GBT are either launching or in the early stages of launching several products, including Nerlynx®, Trelstar®, Ibsrela® Cresemba®, Halaven®, Lenvima® and Karfib®. There is no guarantee that these products will obtain physician and patient acceptance and earn sufficient revenues to deliver profitable growth.

Ability to Acquire License Rights to New Products or Renew Existing License Rights

Knight's growth depends on acquisition of rights to products from other companies as the primary source for new products. Risks in acquiring new products include: a) the ability to locate new products that are attractive and complement Knight's business; and, b) the price to acquire or obtain the license for these products may be too costly to justify the acquisition. Knight faces ongoing competition from other pharmaceutical companies in acquiring rights to products, which makes it difficult for Knight to find attractive products on acceptable terms. In certain cases, license agreements may impose certain commitments and restrictions. Financial commitments may include minimum inventory purchases and commercial spend which may limit Knight's ability to manage profitability. Knight may also have commitments to obtain approval or launch within a certain period of time or risk termination. Further, product license agreements may include limitations on the ability for the Corporation to license additional products with similar or same indications. Such restrictions may affect Knight's ability to license new products or gain efficiencies from commercial infrastructure and limit the Corporation's growth and profitability. Since the acquisition of GBT, Knight has become a pan-American (ex USA) license partner. While Knight acquired Exelon for its entire footprint and entered into an exclusive distribution agreement for LATAM with Incyte, Knight has not licensed any product for such a broad region. For the LATAM region, Knight may face competition for product rights from local regional players who are better funded and more knowledgeable about the local pharmaceutical market.

Knight's strategy is to be the pan-American (ex-USA) partner of choice. Knight aims to enter into long-term agreements with its licensors in order to ensure that the Corporation will have long term benefit of its commercial investments. GBT's license agreements include both short-term and long-term product agreements. There is no guarantee that license agreements that come up for renewal in the near term will be renewed or whether they will

be renewed on similar or profitable financial terms. the termination of license agreements or changes to the financial terms of the license agreement may have a material adverse effect on the Corporation's cash flows and operations.

Ability to Successfully Develop and Launch New Drugs

Knight intends to invest substantial time, resources and capital in identifying and purchasing new drugs, dosage and delivery systems, either on its own or through possible licensors. Knight's continued growth will depend, in part, on its success in such investment. Knight may not be able to recover its investment in the development of new drugs, given that projects may be interrupted, unsuccessful or not as profitable as initially contemplated.

Knight develops branded generic products through its own research and development efforts. The research and development efforts require an early assessment of therapeutic trends and intellectual property rights in the various countries in which Knight operates, especially Argentina. The process of development of branded generic products is complex and uncertain as well as time consuming and costly. The process of product development is inherently risky and has a high failure rate. The products developed through internal efforts, if and when fully developed, tested and approved, may not be profitable.

A key success factor in our branded generic strategy is the timing of our launches. We may face delays in our launches and therefore may not be able to realize the economic benefits anticipated in connection with our branded generic pipeline. Our products may enter the market after other branded generic or ordinary generic manufacturers or may not be as cost effective to be commercially viable for payors. If we cannot execute timely launches of new products, we may not be able to offset the increasing pricing pressure on our existing portfolio including our branded generic products. An unsuccessful launch can be caused by many factors, including the impact of the COVID-19 pandemic, delays in regulatory approvals, lack of operational or clinical readiness or patent litigation. Failure or delays to execute launches of new generic products could have a material adverse effect on our business, financial condition, and results of operations.

Ability to Maintain Good Labour Relations

Knight has 180 employees (sales, manufacturing and technical) in Argentina and all 99 employees in Brazil who are unionized. The collective agreements are governed by collective bargaining agreements which are nationally regulated. These agreements mandate salary increases (including inflation or hyper-inflation increases) as well as bonuses and benefits. The unions play an active role in salary negotiations and could have material negative impact on Knight through increased compensation expenses or work stoppages.

Ability to Maintain Approvals for Development, Manufacture and Distribution

Government authorities in Canada and throughout LATAM extensively regulate, among other things, the research, development, testing, approval, manufacturing, labelling, post-approval monitoring and reporting, packaging, advertising and promotion, storage, distribution, marketing and export and import of pharmaceutical products. In certain countries, health regulations are managed both federally and by the state or province and municipality. The majority of branded generic products commercialized by Knight are manufactured in our own facilities in Argentina. Each of these facilities must comply with cGMP in Argentina as well as in each of the markets in which Knight commercializes branded generic products prior to marketing approval. In addition, its manufacturing, warehousing and distribution sites are subject to municipal, provincial and national environmental regulations and other permit requirements. Moreover, each country has specific requirements on import and release of products to patients. For example, Brazil and Argentina require that each legal entity that distributes products in the country maintain

its own laboratory for each local legal entity in order to release products for the local market. Further, each laboratory must have good laboratory practices and must be approved by the local regulatory authority. For that reason, Knight owns and operates two (2) laboratories in Argentina and one (1) in Brazil.

In certain LATAM countries when a new government takes over, it may choose to change certain health regulations, including requiring more or less local development, manufacture, release or additional studies to remain in compliance. These changes may result in additional expenses, delays in launch and approval or withdrawal of certain products. Further, failure to comply with these regulations or not meet compliance within the regulatory time limits could result in, among other things, warning letters, civil penalties, delays in approving or refusal to approve a product candidate, product recall, product seizure, interruption of production, operating restrictions, suspension or withdrawal of product approval, injunctions or criminal prosecution.

The majority of Knight's branded generic portfolio is manufacture at our own facilities in Argentina. Each of the sites must be in compliance with GMP and are audited by the Argentinian health authorities. In addition, in order to commercialize the branded generic portfolio in other LATAM markets (eg. Colombia, Peru etc.), each of GBT's three manufacturing facilities may need to be audited and approved by the health authorities in these markets as part of the product registration process in those markets. Any delays in obtaining or maintaining approvals could result in delays of marketing authorizations or renewals of marketing authorizations, launches and potential losses.

Certain of our branded products are specialized and require complex manufacturing processes and systems. As the Corporation develops new products, Knight may have to upgrade equipment, change sites, or make other investments to the manufacturing process, machines and locations. These changes may need to be approved by health authorities in various countries, lead to manufacturing delays and product shortages. Such permits and interruptions may have a significant negative impact on our market share of locally manufactured products which could have a material impact on the Corporation's cash flows and operating results.

Furthermore, in recent years, regulatory agencies around the world have increased their scrutiny of pharmaceutical manufacturers. This has resulted in requests for product recalls, temporary plant shutdowns to address specific issues and other remedial actions. Our manufacturing facilities, as well as those of our CMOs and license partners, have been the subject of increased regulatory oversight, leading to increased expenditures required to ensure compliance with new or more stringent production and quality control regulations. These regulatory actions may also adversely affect our ability to supply products and to obtain approvals for new products or maintain approval of existing products. If any regulatory body were to require one or more of our manufacturing facilities to cease or limit production, or to halt the approval of new or pending regulatory applications, our business and reputation could be adversely affected. In addition, because regulatory approval to manufacture a drug is site-specific, the delay and cost of remedial actions or obtaining approval to manufacture at a specific facility could have a material adverse effect on our business, financial condition and results of operations

Ability to comply with Environmental Standards

GBT operates three manufacturing facilities and a research and development facility and also operate laboratories in Argentina as well as a laboratory in Brazil. The facilities in Argentina and Brazil are subject to a variety of environmental, health, and safety laws and regulations at the federal, state or provincial, and municipal levels. These laws and regulations govern, among other things, air emissions, wastewater discharges, the use, handling, and disposal of hazardous substances and wastes, soil and groundwater contamination, and employee health and safety. Any failure by us to comply with environmental, health, and safety requirements could result in the limitation

or suspension of production or subject us to monetary fines, civil or criminal sanctions, or other future. Knight is also subject to laws and regulations governing the destruction and disposal of raw materials and non-compliant products, the handling of regulated material included in products, and the disposal of Knight's products or their components at the end of their useful lives. In addition, compliance with environmental, health, and safety requirements could restrict Knight's ability to expand facilities or require Knight to acquire costly environmental or safety control equipment, incur other significant expenses, or modify manufacturing processes. GBT's manufacturing facilities may use, in varying degrees, hazardous substances in their processes. In the event of the discovery of previously unknown contamination at these facilities, Knight may be required to take additional, unplanned remedial measures and potentially fines, closures or suspension. Furthermore, changes to local regulations including environmental standards may require Knight to move its manufacturing sites to different locations which could lead to loss of market share and revenues due to supply interruptions as well as significant investment in capital expenditures.

Reliance of Key Products

Knight has a significant portion of its revenues from the sale of certain key products, which may evolve as the Corporation's product portfolio grows. For example, for the year ended December 31, 2021, the key products included Exelon®, AmBisome®, Cresemba®, Salofalk®, Lenvima®, Ladevina®, Halaven® and Impavido®. The Corporation's financial results and cash flows may be materially affected should sales of these products decline, whether from new entrants into the market, generic competition, adverse events or other factors.

Value of Intangible Assets and Goodwill

A significant amount of the Corporation's total assets is acquired Intangible Assets and Goodwill as defined in the Corporation's annual audited consolidated financial statements for fiscal 2021. As of December 31, 2021, the carrying value of Knight's Intangible Assets was approximately $350,299 (2020:$156,547) and Goodwill was approximately $75,403 (2020: $77,725). The Corporation is required to review the carrying value of its intangible assets for impairment periodically or when there is an indication of impairment and is required to review the carrying value of its Goodwill on an annual basis. Intangible assets include the net book value of product rights, trademarks and process know-how covered by certain patented and non-patented information. Goodwill is the excess of the aggregate consideration transferred in a business combination and the amount recognized for the non-controlling interests over the net identifiable assets acquired and liabilities assumed. The goodwill is allocated to each of the Corporation's cash-generating units that expect profit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Management reviews the carrying value based on projected future results. If events such as generic competition or inability to manufacture or obtain supply of product occur that may cause sales of the related products to decline, the Corporation adjusts the projected results accordingly. Any impairment in the carrying value results in a write-down of the intangible asset or goodwill which is charged to income during the period in which the impairment is determined. The write-down of intangible assets or goodwill may have a material adverse effect on the results of operations in the period in which the write-down occurs. Additional information relating to this can be found in the Corporation's Financial Statements and MD&A for the year ended December 31, 2021 which can be found on Knight's profile at www.sedar.com.

Strategic Loan Investments put Knight's Capital at Risk

Certain of Knight's collaborations or other transactions with pharmaceutical companies, drug developers and other life sciences companies have involved and will continue to involve the financing of such companies including by way of loans and other forms of debt. Such loans take and may continue to take different forms and will have different

terms with respect to interest rate, repayment terms, security and other matters. Some of the companies with which we entered into strategic financing transaction have relatively short or no operating histories. There can be no assurance that any such companies will be able to repay such loans in accordance with their repayment terms or that any security in respect of such loans would be sufficient at the time of realization to cover the debt owed by such companies. Any failure to repay such loans in accordance with applicable terms, failure to realize on security or inadequacy of security upon realization could have a material adverse effect on the capital position and general financial condition of Knight. In addition, even if the Corporation is able to realize certain value for the security, it may distract management from other parts of the business and require substantial time and resources in order to realize the security. For example, during 2015 the Corporation lent $800 to Extenway and shortly thereafter the Corporation determined that Extenway was in default of the loan and wrote off the full loan receivable.

Furthermore, Knight International entered into a secured loan agreement with 60P in December 2015, the proceeds of which were used in the development of medicines for treatment and prevention of malaria. In August 2018, 60P announced the FDA's approval of Arakoda™ in the U.S. There can be no assurance that 60P will have the required financing to launch Arakoda™ or that its launch will be commercially successful and generating enough profitability to repay Knight's loan. Furthermore, there is no assurance that Knight will be able to realize on the security of 60P to recover its nominal loan and interest receivable balances. As at December 31, 2021, the 60P loan and related interest receivable balances have been fully reserved on the Company's balance sheet.

Ability to maintain financial covenants on existing financial leverage

As at December 31, 2021, Knight through its ownership GBT had total bank debt of $35,927. GBT's borrowings include customary covenants, including certain financial covenants, limitations on incurrence of additional indebtedness and the ability to make distributions to shareholders, and certain financial covenants related to asset coverage and liquidity and other maintenance covenants, as well as customary events of default. An event of default under the terms of the current or any future borrowings could result in an accelerated maturity date for all amounts outstanding thereunder, or potentially lead to a cross-default under other borrowings. This could reduce Knight's liquidity and cash flow and impair Knight's ability to grow its business.

As at the date hereof, Knight has not obtained a change of control waiver from Itaú Brasil. Should Knight not be able to obtain a change of control waiver, Itau may elect to demand full repayment of the loan. In the event Itaú demands repayment, Knight may enter into a new loan agreement with another financial institution. Knight may not be able to refinance the loan on favourable terms and may have to provide additional security and guarantees. Should Knight not be able to refinance the loan, Knight may have to fully repay the loan from cash on its balance sheet. This could reduce Knight's liquidity and cash flow and impair Knight's ability to grow its business.

Strategic Investments may not be Profitable to Knight or may not help the Corporation Secure Product Rights

As part of Knight's growth strategy, it invests in healthcare-specialized funds and fund managers which have substantial assets under management in the healthcare sector and can leverage their existing relationships with key life science companies to help secure Canadian and select international market product rights for Knight. Since inception of the fund strategy, the Corporation has committed to invest, or made investments, in funds managed by Sectoral, Forbion, Teralys, Domain, Sanderling, HarbourVest, TVM, Genesys, and Bloom Burton for approximately $127,000 based on exchange rates in effect as of the commitment dates. Knight does not exercise direction or control over the funds in which it invests and does not have any direct decision making in the investment decisions of such funds. There is no guarantee that such funds will make investments that are profitable for Knight nor that Knight's relationships with such funds will help Knight secure any product rights. Further, Knight's investments in such funds are capital in nature and there is no guarantee that all or any such capital will be recovered.

Knight's Investments in Neglected Tropical Diseases and Rare Pediatric Diseases may not Lead to Approved Products or to the Granting of a Priority Review Voucher by the FDA

One of Knight Therapeutics International S.A.'s strategies is to source opportunities to license or acquire and develop therapeutics to treat either Neglected Tropical or Rare Pediatric Diseases. Knight International S.A. may not be able to source such opportunities or to source them on attractive deal terms. In addition, Knight International may not be successful in securing FDA approval for such therapeutics, or if approved, may nonetheless not be granted a PRV from the FDA, and therefore may not be successful in receiving a beneficial interest in additional PRVs. For instance, Knight International entered into a strategic loan with 60P to support the development and approval of Arakoda™(tefenoquine) for the prevention of malaria, a rare tropical disease. While 60P did obtain FDA approval for Arakoda™, 60P was not the first company to obtain FDA approval for tafenoquine and, as such, did not receive a PRV.

Ability to Have Access to Additional Financing and Capital, and Dilution

Knight may consider issuing additional debt or equity securities in the future to fund potential acquisitions or investments, or for general corporate purposes. If Knight issues additional equity or convertible debt securities to raise additional funds, its existing shareholders may experience additional dilution, and the new equity or debt securities may have advantageous rights, preferences and privileges when compared to those of Knight's shareholders as at the date hereof. Such dilution may be significant. In addition, if Knight incurs debt, it may increase its leverage relative to its earnings or to its equity capitalization, requiring Knight to pay interest. Knight may not be able to market such issuances on favourable terms, or at all, in which case, Knight may not be able to develop or enhance its products, execute its business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements.

The Globalization of Knight's Business

Knight operates throughout LATAM and Canada, as well as certain other markets. As a result, Knight is subject to the risks inherent in conducting business globally and under the laws, regulations, and customs of various jurisdictions. These risks include, but are not limited to:

- compliance with the national and local laws of countries in which Knight does business, including, but sales and marketing of our products, competition laws, trade control laws, anti-bribery laws, privacy laws, compliance with cGMP, labor laws, health and safety, and laws regarding manufacturing practices, product labeling, advertising and post marketing reporting including adverse event reports and field alerts due to manufacturing quality concerns, tax and financial reporting laws, environmental law and intellectual property protections;
- less established legal and regulatory regimes in certain jurisdictions, including with respect to the enforcement of intellectual property rights;
- changes in laws, regulations, and practices affecting the pharmaceutical industry and the healthcare system, including but not limited to imports, exports, manufacturing, quality, cost, pricing, reimbursement, approval, inspection, and delivery of healthcare;
- changes in policies designed to promote foreign investment, including significant tax incentives, liberalized import and export duties, and preferential rules on foreign investment and repatriation;
- differing local product preferences and product requirements;
- adverse changes in the economies in which Knight operate as a result of a slowdown in overall growth, a change in government or economic policies, or financial, political, or social change or instability in

such countries that affects the markets in which Knight operates, particularly in LATAM and other emerging markets;
- changes in employment laws, wage increases, or rising inflation in the countries in which Knight operates;
- supply disruptions and increases in energy and transportation costs;
- increased tariffs on products or API purchased by Knight, including on imports from foreign countries or within LATAM;
- natural or man-made disasters, including droughts, floods, earthquakes, hurricanes and the impact of climate change in the countries in which Knight operates;
- local disturbances, the outbreak of highly contagious diseases or other health epidemics or pandemics (such as coronavirus), terrorist attacks, riots, social disruption, wars, or regional hostilities in the countries in which Knight operates and that could affect the economy, Knight's operations and employees by disrupting operations and communications, making travel and the conduct of business more difficult, and/or causing Knight's customers to be concerned about Knight's ability to meet their needs; and
- government uncertainty, including changes in government which enact new or change laws and regulations.

There is no guarantee that Knight's efforts to expand sales in select international markets will succeed. The expansion of Knight's activities in select international markets may further expose the Corporation to more volatile economic conditions, political instability, competition from companies that are already well established in these markets, the inability to adequately respond to unique characteristics of these markets, particularly with respect to their regulatory frameworks, difficulties in recruiting qualified personnel, potential exchange controls, weaker intellectual property protection, higher crime levels, and corruption and fraud.

The continued globalization of Knight's business may also expose Knight to increased currency risk as Knight may make investments in companies whose operations are primarily conducted in foreign currencies which could directly or indirectly result in a decrease in value in Knight's investment if those currencies devalue.

The Corporation's existing policies and procedures, which are designed to help ensure that Knight, its employees and its agents comply with various laws and regulations regarding corrupt practices and anti-bribery, cannot guarantee protection against liability for actions taken by businesses in which Knight has invested. Failure to comply with domestic or international laws could result in various adverse consequences, including possible delay in the approval or refusal to approve a product, recalls, seizures, withdrawal of an approved product from the market, or the imposition of criminal or civil sanctions, including substantial monetary penalties.

The Corporation may invest in countries which have strict, government-imposed currency controls. Currency controls may include restrictions on the amount of currency that may be repatriated. As a result, there is a risk that Knight may not be able to recover funds invested or dividends from foreign investments.

In addition, members of Knight's management team based in LATAM may be unfamiliar with, and inexperienced in, Canadian securities law and other legal requirements. From a financial reporting perspective, differences in banking systems and business cultures could have an adverse effect on the efficiency of internal controls over financial reporting matters. Knight's senior management and audit committee have been and continuously strive to enhance their knowledge of emerging markets through spending time in each of the GBT markets and with GBT management as well as independent research, local agents and legal counsels and are continuously updated of the applicable audit practices and procedures in Latin America. Despite these efforts, given the significant learning curve to fully

understand GBT's business, operating environment and the quality of controls in place, Knight may not be able to adequately assess the efficiency of internal controls over financial reporting or the effects of the laws and requirements of all local business jurisdictions.

Generic Product Risk

There may be no proprietary protection for many of the branded pharmaceutical products in Knight's portfolio. Certain of our products are not patented or have limited patent life and will soon lose patent protection. Further, a significant portion of Knight's revenues derive from sales of branded generic products which do not have any patent protection. The entrance into the market of a generic pharmaceutical or competing branded generic products, typically erodes the branded product or the Corporation's own branded generic product's market share which may have a material adverse effect on Knight's business, financial condition and results of operations. For example, AmBisome®, which is approved and commercialized by Knight in Brazil is no longer patent protected. Should a generic version of AmBisome® be approved in Brazil, it would likely have a material negative effect on the sales of AmBisome®. Should a generic or branded generic of our key innovative products enter our market, this could lead have a material impact on our revenues and cash flows.

Dependence upon Companies in which Knight Makes Investments

Economic, governmental, industry and external factors outside Knight's control may affect each of the companies in which Knight invests, whether directly, or indirectly through its investments in funds. If these companies do not succeed, the value of Knight's assets and the market price or value of its Common Shares could decline. Some of the material risks relating to the companies in which Knight may invest include:

- the ability of these companies to successfully develop and obtain governmental approvals for the products which serve as the basis for Knight's investments;
- the ability of competitors to develop similar or more effective products, making the drugs developed by the companies in which Knight invests difficult or impossible to market;
- the ability of the companies in which Knight invests to adequately secure patents for their products and protect their propriety information;
- the ability of the companies in which Knight invests to enter the marketplace without infringing upon competitors' patents;
- the ability of the companies in which Knight invests to remain technologically competitive, and the dependence of these companies upon key scientific and managerial personnel; and
- the ability of the companies in which Knight invests to manage cash flow in order to remain solvent and ensure that Knight's investment remains realizable.

Knight has limited or no control over the resources that any company in which it invests (but does not control) may devote to developing the products for which Knight collaborates with them. Any company in which Knight invests may not perform as expected. Such companies may breach or terminate their agreements with Knight or otherwise fail to conduct product discovery and development activities successfully or in a timely manner. If any of these events occurs, it could have a material adverse effect on Knight's business.

Control of Our Strategic Investments

We may not have a controlling position in any of our strategic investments. As a result, we are subject to the risk that a strategic investment partner may make business decisions with which we disagree or take risks or otherwise act in ways that do not serve our interests.

We may Have Limited Access to Information about Privately-held Companies in which we Invest

We may invest in privately-held companies. Generally, little public information exists about private companies and we are required to rely on the ability of our senior management to obtain adequate information to evaluate the potential returns from investing in these assets. If we are unable to uncover all material information about these assets, we may not make a fully informed investment decision, and we may lose money on our investment.

Product Liability Claims, Insurance and Recalls, and Unexpected Product Safety or Efficacy Concerns

Knight faces an inherent business risk of exposure to product liability claims in the event that the use of its technologies or products are alleged to have resulted in adverse effects. Side effects, or marketing or manufacturing problems pertaining to any of Knight's current or future products could result in product liability claims or adverse publicity. Unexpected safety or efficacy concerns can also arise with respect to marketed products, whether or not scientifically justified, leading to product recalls, withdrawals or declining sales, as well as product liability, consumer fraud and/or other claims.

These risks will exist for those products in clinical development and with respect to those products that receive regulatory approval for commercial sale. In addition, clinical studies sponsored by Knight may involve risks of civil liability. Although Knight intends to take what it believes to be appropriate precautions, including obtaining and maintaining product liability coverage (subject to certain deductibles and maximum payouts) and obtaining indemnification from its partners (subject to the terms of each specific agreement), Knight may not be able to avoid significant product liability exposure.

Due to increasing numbers of lawsuits over the last several years and related payouts under insurance policies, some insurers are reducing their scope and level of coverage, causing the supply of insurance to lag behind demand. This could increase our premiums, reduce the scope and capacity of our coverage, and adversely affect our ability to maintain and renew our existing insurance policies on favorable terms or at all. While we continue to maintain insurance coverage intended to address certain risks, such coverage may be insufficient to cover claims and losses we face. In addition, not all risks are covered by insurance and no assurance can be given that the insurance coverage obtained and maintained by Knight will be sufficient to cover losses or claims that may occur involving Knight's business.

Marketing and Competition

The Innovative Drug and Generic Drug industries are competitive and this competition may increase. Products compete based on efficacy, safety and side effect profiles, price and brand differentiation. Some of Knight's competitors may have greater technical or financial resources than Knight and may use these resources to pursue a competitive position that threatens Knight's current or future products. Knight's current or future products could be rendered obsolete or uneconomical by the development of new pharmaceuticals to treat the conditions addressed by these products, as a result of technological advances affecting the cost of production, or as a result of marketing or pricing action by one or more of Knight's competitors. For example, Knight commercializes several

oncology products. As new therapies, including immunotherapies, are introduced, Knight's products may be pushed into later lines of treatment guidelines.

Ability to Obtain and Maintain Regulatory Approvals

The manufacture and sale of pharmaceutical products is highly regulated, which significantly increases the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products.

The regulatory approval process procedure can be long and may involve significant delays despite Knight's best efforts. Moreover, TPD, ANVISA, COFEPRIS, INVIMA and other health agency regulations are rigorous, time consuming and costly, and Knight cannot predict the extent to which it may be affected by changes in regulatory developments and its ability to meet such regulations. There is also a risk that Knight's current or future products may be withdrawn from the market and the required approvals suspended because of non-compliance with regulatory requirements. As part of the FDA's approval of Impavido® in the U.S., Knight has committed to conduct post-approval studies; should these studies yield negative patient outcomes, there can be no assurance that the FDA will not revoke regulatory approval for Impavido®.

In most LATAM countries, marketing authorizations are granted for a finite period of time, generally 5 years, and must be renewed prior to the expiry date. For each, Knight is required to resubmit certain regulatory and compliance paperwork. Knight may have delays in obtaining documentation from third parties and face delays from agencies. If Knight is not able to obtain marketing authorization renewals on a timely basis, Knight may face supply interruptions and losses. In addition, there can be no assurance that the regulators will not require modification to any other submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Knight to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Knight's future products will prove to be safe and effective in clinical trials, or receive the requisite regulatory approvals.

New Legislation or Regulatory Requirements

New legislative proposals for pharmaceutical product pricing, reimbursement levels, approval criteria and manufacturing requirements may, from time to time, be proposed and adopted both in Canada and in other markets, including Latin America, in which Knight sells its products. New legislation or regulatory requirements may have a material adverse effect on Knight's financial condition, results of operations or cash flows. Any failure to comply with applicable laws, rules and regulations in all jurisdictions in which Knight plans to operate may result in legal proceedings.

In March 2021, ANVISA has launched a draft of the serialization process that pharmaceutical products being sold in Brazil will have to follow. The serialization process would require all manufacturers of drug[NM1] products sold in Brazil to "serialize" each package to enhance drug traceability in the event of an adverse event and to prevent drug counterfeiting. Changes in serialization requirements or failure to comply with serialization requirements may result in an increase in costs, delays in supply or lost sales due to implementation of the changes required under the serialization process, and may therefore affect the profitability.

The legislation determines that all batches manufactured and packaged after April 28th, 2022 must be properly serialized, otherwise they cannot be marketed. ANVISA, the Brazilian regulatory body, has changed its IT service provider and has not yet made the system available online for traceability. Although the date of April 28 is close, companies are still waiting for ANVISA's position regarding possible changes in the systemic serialization process. This can lead to delays in supply and increased costs of implementing changes.

Further, to achieve approvals of new products and new indications, regulatory authorities in Canada and Latin America continue to establish new and increasingly rigorous requirements in the already lengthy and expensive process of obtaining regulatory approvals and reimbursement for pharmaceutical products.

Similarly, the post-approval regulatory burden has also increased. Approved drugs are subject to various requirements such as risk evaluation and mitigation strategies (REMS), risk management plans (RMPs), comparative effectiveness studies, health technology assessments, and requirements to conduct post-approval Phase IV clinical trials to gather additional safety and other data on products. These requirements have the effect of making the maintenance of regulatory approvals for Knight's products increasingly expensive, and further heightening the risk of recalls, product withdrawals, loss of market share, and loss of revenue and profitability.

In certain LATAM countries when a new government takes over, it may choose to change certain healthcare legislations and regulations, including requiring more or less local development, manufacture, pricing, release or additional studies to remain in compliance. These changes may result in additional expenses, delays in launch and approval or withdrawal of certain products. Further, failure to comply with these regulations or not meet compliance within the regulatory time limits could result in, among other things, warning letters, civil penalties, delays in approving or refusal to approve a product candidate, product recall, product seizure, interruption of production, operating restrictions, suspension or withdrawal of product approval, injunctions or criminal prosecution.

Ability to Obtain Product Reimbursement

The success of many of Knight's current and future products and, in turn, its future growth and profitability, will depend to a significant extent upon its ability to obtain competitive levels of reimbursement for those drugs from public Formularies (federal, provincial and territories) and other third-party private payers.

In order to reduce drug prices in Canada, the Council of the Federation of Canadian provinces established the pan-Canadian Pharmaceutical Alliance ("pCPA") in 2010 for the purpose of conducting joint provincial/territorial negotiations for prescription drugs in Canada, thereby achieving greater value for all Formularies.

All brand name drugs receiving a favorable review from the CDR for non-oncology drugs for all provinces except Quebec, from the pCODR for oncology drugs for all provinces except Quebec, or INESSS for all drugs (oncology and non-oncology) in Quebec are now subject to a negotiation process managed by the pCPA. Through this negotiation, the pCPA attempts to reach an agreement directly with drug companies like Knight. Once this agreement or Letter of Intent ("LOI") is reached, it becomes the basis upon which provincial and territorial Formularies determine if they will list reimburse – the drug in their territory. Upon issuance of the LOI, each province that elects to include the product in its formulary will enter into a Product Listing Agreements (PLA) with the Corporation.

As drug costs have increased, public Formularies have become more restrictive in both the number of products they reimburse and the conditions under which they will be reimbursed. Further, as cost of treatments, especially in oncology, have increased, private insurers in Canada, have begun to review which products they will reimburse and list on their Formularies. The failure to achieve Formulary listings and/or specific conditions attached to restricted listings may affect patients' and physicians' decisions regarding the use of Knight's future products. There can be no assurance that the current conditions and rigor or timing of review related to submissions for public and private Formulary listings will not change or become more onerous in the future. Furthermore, there can be no assurance that the Formularies will list or continue to list Knight's future products. If any of Knight's future products fail to achieve a negotiated LOI with the pCPA or are not listed on the provincial Formularies, this may have a material adverse effect on Knight's financial condition, results of operations or cash flows.

Price negotiations with government agencies, HMOs and other buyers in LATAM may take considerable time after the Corporation has received its marketing authorization for a product. For example, in Brazil, upon obtaining marketing authorization, pharmaceutical companies must obtain approval of their launch price from CMED before they can launch their product. CMED bases its launch pricing approval on comparative pricing in United States, New Zealand, Australia, Greece, Portugal, Italy, Spain, France, and Canada. In addition, CMED is also responsible for sanctioning the allowable annual price increases. Finally, in order to obtain reimbursement from private insurers, the pharmaceutical product may have to be included in the List of Procedures as approved and published by ANS. Delays in pricing and reimbursement approvals may have a negative impact on the Corporation's cash flows and profitability. In addition, in certain countries where GBT operates, the Corporation may be forced to reduce its pricing, offer discounts, forgive certain balances outstanding in order to comply with cost-containment measures. Further, as HMOs and governments look to controls spending on healthcare and more specifically on drugs, they may move purchasing of certain products to tender based solely on price.

Product Pricing Regulations on Certain Drug Products

All patented drug products that form part of Knight's Canadian portfolio of products are subject to pricing regulation by the Patented Medicine Prices Review Board (PMPRB), a federal agency tasked with ensuring that prices of patented medicines are not excessive. For new patented products, the price in Canada is limited to either the cost of existing drugs sold in Canada or the median of prices for the same drug sold in countries specified by PMPRB For existing patented products, prices cannot be increased annually by more than a factor based on Statistics Canada's Consumer Price Index.

The PMPRB monitors compliance through a review of the average transaction price of each patented drug product as reported by pharmaceutical companies like Knight on a semi-annual basis. The PMPRB does not approve prices for drug products in advance of their launch in Canada, rather, it provides guidelines from which companies set their prices at the time of their product launch. If PMPRB determines a ceiling price for a patented product that is lower than the Company's expectation, or if the PMPRB deems a patented product to be excessively priced, this could lead to a reduction of the product's price and a fine may be levied against the Company. Such determinations by the PMPRB may have a material adverse effect on Knight's financial condition and results of operations or cash flows

In August , 2019, the federal government announced amendments to the Patented Medicines Regulations. These amendments are expected to come into force on July 1, 2022. These pending changes, or any other future changes to the guidelines, methodology or policies of PMPRB or other relevant regulatory bodies may have a significant adverse effect on the price of patented drugs sold by the Corporation in Canada and may limit the Corporation's ability to in-license and launch products in Canada due to more restrictive pricing regulations.

In LATAM, the price of pharmaceuticals is subject to extensive government regulations, which may include the imposition of price controls and maximum price caps, mandated price reductions to battle hyper-inflation and limitations on price increases. Price negotiations with government agencies, HMOs and other buyers may take considerable time after the Corporation has received its marketing authorization for a product. For example, in Brazil, upon obtaining marketing authorization, pharmaceutical companies must obtain approval of their launch price from CMED before they can launch their product. CMED bases its launch pricing approval on comparative pricing in United States, New Zealand, Australia, Greece, Portugal, Italy, Spain, France, and Canada. In addition, CMED is also responsible for sanctioning the allowable annual price increases. Delays in pricing and reimbursement approvals may have a negative impact on the Corporation's cash flows and profitability. In addition, in certain

countries where GBT operates, the Corporation may be forced to reduce its pricing, offer discounts, forgive certain balances outstanding in order to comply with cost-containment measures.

As pricing regulations evolve throughout the various countries in which the Corporation operates, the Corporation may not be in compliance with either the regulation or its license agreements and may need to take corrective actions. For example, should a jurisdiction require that pharmaceutical companies disclose discounts, the Corporation maybe impacted in another jurisdiction due to the reference price. These changes may have a material adverse impact on the Corporation's cash flows and profitability.

Ability to Protect and Maintain its Intellectual Property and Licensing Arrangements

Knight's success depends in part on its ability to protect and maintain intellectual property rights and licensing arrangements for its current and its future products. Knight does not know whether any of its patent applications or those of its licensors will result in the issuance of any patents. Even if issued, these patents may not provide Knight with a competitive advantage against competitors with similar technologies. Furthermore, competitors may design around Knight's or its licensors' patents and develop similar technologies or duplicate any technologies that Knight or its licensors may have developed. No assurance can be given that licenses or rights to be used by Knight will not be challenged, invalidated, infringed or circumvented. Moreover, laws of many countries may not protect Knight's intellectual property to the same extent as the laws of Canada and the U.S., and those countries may also lack adequate rules and procedures for defending Knight's intellectual property rights. Furthermore, certain countries outside the U.S. and Canada enforce a system of compulsory licenses whereby third parties can be granted license to commercialize patented products if the patent is not commercially exploited by its owner or its licensees in the country within a certain number of years of the patent issuance in that specific country. To the extent that Knight's future employees, consultants or contractors will use intellectual property owned by others in connection with their work for Knight, disputes may also arise as to the rights in related or resulting knowhow and inventions. Any loss of patent protection would likely adversely affect Knight's operating results in those national markets. The commercial success of Knight will also depend in part on Knight not infringing patents or proprietary rights of others and not breaching the licenses to be granted to Knight. Any claims of infringement of intellectual property rights, even claims without merit may require the Corporation to (i) allocate time and resources to defend or challenge; (ii) suspend the manufacture, licensing or use of product(s) alleged to employ the contested intellectual property; (iii) redesign, rework or replace the brands of its products or packaging, if feasible; (iv) divert the attention and resources of management; or (v) if possible, enter into license agreements in order to obtain the right to use the intellectual property of a third party. There can be no assurance that Knight will be able to obtain a license to any third-party technology that it may require to conduct its business or that such technology can be licensed at a reasonable cost. The Corporation, through its acquisition of GBT develops and commercializes branded generic pharmaceutical products. GBT's generic product development may be considered a violation of historical, current and future license partnership agreements. There is no certainty that Knight will not be challenged by its partners for non-compliance of its future licensing arrangements. Furthermore, there can be no assurance that Knight will be able to remain in compliance with its future licensing arrangements. Consequently, there may be a risk that these licensing arrangements will be withdrawn with no compensation or penalties to Knight.

Reliance on Branded Generic Portfolio

Knight's branded generic portfolio is marketed with trademarks developed and registered by Knight in each country where the product is launched. In many countries where Knight operates, brands are widely considered to be an indicator of quality and reliability. As spending in the health sector rises, there has been consideration given to reduce and control cost, including the cost of prescription medicines, in both the public and private sector. There is no guarantee that public and private institutions will continue to pay the higher prices related to branded generics

and may choose to substitute pure generics. Further, as regulatory standards improve in these countries, consumers and health care professionals may begin to have more confidence in pure generics and may not pay a premium for a branded generic. In addition, key to success in the branded generic market is to maintain a continuous pipeline and be the first product to launch. An inability to quickly develop and market branded generic product may result in lower market penetration and have a negative impact on the growth and profitability of the business.

Disputes Regarding Ownership or Inventorship of Products and Technologies

From time-to-time Knight may become involved in disputes relating to the ownership or inventorship of its existing and future products and technologies. If Knight is unsuccessful in obtaining assignments of patents or is otherwise unable to establish its ownership of the invention covered by the patents, Knight may face additional expense in perfecting its title to these patents and its business may be adversely affected.

Reliance on Third Parties for Supply and Manufacture of Products

Many of our products are the result of complex manufacturing processes, and some require highly specialized raw materials. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with or shortages of raw materials, natural disasters, and environmental factors. For some of our key raw materials, we have only a single, source of supply, and alternate sources of supply may not be readily available. If our supply of certain raw materials or finished products is interrupted from time to time, or proves insufficient to meet demand, our cash flows and results of operations could be adversely impacted. Additionally, any such supply interruption could result in a supply shortage to patients depending on the number of competitors able to meet the supply needs. Our inability to timely supply any of our key products may result in claims and penalties from customers and could have a material adverse effect on our business, financial condition and results of operations as well as result in reputational harm.

Third parties manufacture certain of Knight's products, including all licensed products. Knight does not have manufacturing facilities, personnel or access to raw materials to independently manufacture its licensed products. Except for any contractual rights and remedies which Knight may have with its manufacturers, Knight has no control over the availability of its products, their quality or cost. While GBT manufactures most of its own branded generic products, GBT relies on third parties for all APIs and raw materials. If for any reason, Knight is unable to obtain or retain third-party manufacturers or suppliers on commercially acceptable terms, it may not be able to distribute its products as planned. If Knight encounters delays or difficulties with contract manufacturers or API and raw material suppliers in producing or packaging its products, the distribution, marketing and subsequent sales of these products would be adversely affected, and Knight may have to seek alternative sources of supply or abandon or sell product lines on unsatisfactory terms. Knight and GBT may not be able to enter into alternative supply arrangements on commercially acceptable rates, if at all. There can be no assurance that the manufacturers and suppliers that Knight or GBT will have engaged will be able to provide sufficient quantities of these products or that the products supplied will meet with Knight's specifications. In addition, production of the Corporation's future products may require raw materials for which the sources and quantities are limited. An inability to obtain adequate supplies of API or raw materials could significantly delay the development, regulatory approval and marketing of Knight's existing and future products, including Exelon®, Impavido® or the various branded generic products.

Drug manufacturers are subject to ongoing periodic unannounced inspection by Health Canada, the FDA, ANVISA (Brazil), ANMAT (Argentina), COFEPRIS (Mexico), INVIMA (Colombia) as well as other LATAM health agencies, and corresponding state and foreign agencies to ensure strict compliance with GMPs and other government regulations. In addition, GBT has three (3) manufacturing facilities including two (2) laboratories in Argentina and one laboratory

in Brazil. Each of these facilities is inspected by their local agency, and, in the case of the manufacturing facilities and laboratories in Argentina, may also be inspected by other LATAM agencies. While Knight is obligated to audit the performance of third-party contractors, it does not have complete control over its third-party manufacturers' compliance with these regulations and standards. Failure by either Knight's third-party manufacturers or by Knight to comply with applicable regulations could result in sanctions being imposed, including fines, injunctions, civil penalties, failure of the government to grant review of submissions or market approval of drugs, delays, suspension or withdrawal of approvals, product seizures or recalls, operating restrictions, facility closures and criminal prosecutions, any of which could negatively impact the business.

Knight has entered into and intends to continue to enter into licensing and collaboration arrangements pursuant to which Knight will commit itself to supplying third parties with product. If Knight is unable to fulfill such obligations because of a failure of Knight's contract manufacturers, Knight may be in breach of its obligations under those arrangements.

We also rely on complex shipping arrangements to and from the various facilities of our supply chain. Customs clearance and shipping by land, air or sea routes rely on and may be affected by factors that are not in our full control or are hard to predict. A significant portion of our costs is comprised of raw materials for our products as well as energy, transportation and labor costs for our manufacturing and operations. We have experienced increases in prices of raw materials, energy, labor and transportation. To the extent that we cannot pass along such increased costs to our customers, our results of operations and financial condition will be adversely affected.

In addition, we rely on complex information technology systems, including internet-based systems, to support our supply-chain processes as well as internal and external communications. The size and complexity of our systems make them potentially vulnerable to breakdown or interruption, whether due to computer viruses, lack of system upgrades or other causes that may result in the loss of key information or the impairment of production and other supply chain processes. Such disruptions and breaches of security could have a material adverse effect on our business, financial condition and results of operation.

Global Pandemic Covid-19

The unprecedented nature of the COVID-19 pandemic has, and continues to, adversely impact the global economy. The COVID-19 pandemic and the reactions of governments, private sector participants and the public in an effort to contain the spread of the COVID-19 virus and/or address its impacts have had significant direct and indirect effects on businesses and commerce. This includes, but is not limited to, disruption to supply chains, employee base, transactional activity and production suspensions.

As with much of the pharmaceutical industry, the Company's revenues from launch products and resulting prescription growth has been adversely affected by COVID-19. Knight suspended in-person promotional and medical activities in all countries since March 2020. The Knight field team continues to use digital means to interact with healthcare providers. These interactions tend to be less frequent and in the case of complex infectious disease and oncology product launches, potentially less impactful. Beginning in Q3-2021, the Knight field teams across certain countries, have resumed partial and limited field activities including in-person medical visits to physicians and increased volume of such activities is expected in the future. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company, the continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment of product inventories and adversely impact the Company's business, financial condition or results of operations.

The global economy has, with certain setbacks, begun reopening, and wider distribution of vaccines will likely encourage greater economic activity. However, COVID-19 cases continue to rise in many locations around the world where vaccination rates remain low and new, more contagious variant strains of COVID-19 have emerged, resulting in continued restrictions. Even as vaccines roll out, the Company continues to see significant variability of vaccination levels throughout its territories. To date, the Company has been able to continue its operations with limited disruptions in supply and manufacturing. Although, uncertainties related to the continued magnitude and duration of the COVID-19 pandemic, the extent to which it will impact our estimated future financial results, worldwide macroeconomic conditions including interest rates, employment rates, consumer spending, health insurance coverage, how widely utilized the vaccines will be, whether they will be effective in preventing the spread of COVID-19 (including its variant strains), the speed of the reopening and anticipated recovery and governmental and business reactions to the pandemic, including any possible re-initiation of shutdowns or renewed restrictions, have increased the complexity of developing these estimates. We are closely monitoring the impact of the COVID-19 pandemic, including the emergence of variant strains of the virus, on our business, however, it is difficult to predict the future impact COVID-19 may have on our business, results of operations, financial position and cash flows. It is possible that the estimates used in the preparation of the Annual Financial Statements can change in the near term and may have a material impact. Potential impacts may include, but are not limited to, impairment of intangible assets, goodwill, property plant and equipment, and financial assets, write-downs on inventory and a change in the expected credit loss on accounts receivable. The Company has sufficient liquidity to meet all operating requirements for the foreseeable future.

During 2021, there was an increase in demand for certain of our infectious disease products used to treat invasive fungal infections associated with COVID-19 (refer to Section 4 of MD&A discussion on revenues for additional details). The related demand may be volatile in the future depending on vaccination and infection rates in the countries where Knight operates.

While the majority of the Company's employees continue to work remotely, including with the use of digital sales channels, certain territories have begun to hold limited in person meetings with protective safety measures. The Company has developed return to field or office protocols on a country-by-country basis to ensure compliance with local regulations, ensuring safety of employees, patients and healthcare professionals.

Furthermore, due to the continued evolution in global business environment, the Corporation may face the following challenges in a post-pandemic pharmaceutical industry:

- Economic impact & budgetary controls
    - Governments implementation of new or additional pricing regulations as a measure to balance budgets and recover COVID-19 pandemic spending
    - Private payers facing budget constraints and continue to increase hurdle rate for drug reimbursement
    - Continued negative impact with rising unemployment rates leading to loss of coverage patients' private insurance
- Competitive landscape and industry dynamics
    - New product launches continue to be challenging in a complex and uncertain environment
    - Products with self/home administration continue to maintain an advantage
    - Surge of digital players

Climate Change

Natural disasters and extreme weather events resulting from climate change, such as floods, heatwaves, blizzards, hurricanes, wildfires, the rise of sea level, and water stress, could impact our business activities and our ability to deliver our products to customers leading to a material negative impact to our financial results and condition.

Global Political and Economic Conditions

Challenging global market and economic conditions with a tighter credit environment and recession in most major economies began in fiscal 2008 and took many years to recover. As a result of COVID-19, the world's major economies may face similar structural flaws and challenges going forward that will impact global productivity growth in the future. Concerns about the systemic impact of ongoing potential long-term and wide-spread recession, energy costs and geopolitical issues have contributed to increased market volatility and may affect expectations for western and emerging economies. These conditions have contributed to volatility at high levels. Turbulence in Canada, Latin America and international markets and economies and prolonged declines in business and consumer spending may adversely affect Knight's liquidity and financial condition, and the liquidity and financial condition of Knight's future customers. Furthermore, the COVID-19 pandemic has resulted in very high levels of public spending and due to budget constraints, government may look in the future towards healthcare costs including drug prices to recover part of the spending. Our strategic investments may be susceptible to economic slowdowns or recessions and adverse economic conditions may lead to financial losses and a decrease in revenues, net income and assets. Furthermore, there is significant uncertainty in the global business environment due to the recent conflict between Ukraine and Russia. While the Company does not have any operations in any of the two countries, the on-going conflict, global sanctions and tension could lead to increased in costs and supply disruptions for Knight's vendors, CMOs and partners.

Knight has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or over the possibility of political unrest, legal and regulatory changes in jurisdictions in which Knight operates. These factors could negatively affect Knight's results of operations in those markets.

Agreements Relating to the Development and Distribution of Products

The Corporation currently has several collaboration or distribution agreements relating to the marketing and distribution of its products in international markets, such as Impavido® in the U.S , Europe and Israel. The Corporation relies on these agreements because it is currently not strategic to market its products directly in these markets. The Corporation intends to secure additional agreements relating to the marketing and distribution of its products for which it may receive regulatory approval. If the Corporation is unable to reach agreements with suitable collaborators and marketing and distribution partners, it may fail to meet certain business objectives. Knight faces significant competition in seeking appropriate development, marketing and distribution partners. Moreover, collaboration and distribution arrangements are complex and time consuming to negotiate, document and implement.

Knight may not be successful in establishing and implementing collaboration or marketing and distribution arrangements upon satisfactory terms or at all. Reliance on these agreements will likely expose Knight to many risks, including the following:

- development, marketing and distribution partners may not devote sufficient resources to Knight's products or product candidates;

- disputes may arise with respect to payments that Knight believes are due under such distribution and collaboration agreements;
- unwillingness on the part of development, marketing and distribution partners to provide updates regarding the progress of its development, commercialization or marketing activities, or to permit public disclosure of these activities;
- development, marketing and distribution partners may terminate the relationship;
- disputes may arise in the future with respect to the ownership of rights to technology developed with partners;
- disagreements with development, marketing and distribution partners could result in litigation or arbitration;
- partners may elect to pursue the development of any additional product candidates and pursue technologies or products either on their own or in collaboration with other parties, including competitors with competing technologies or products;
- collaborators and marketing and distribution partners may pursue higher priority programs or change the focus of their programs, which could affect the collaborator's and distributor's commitment to their respective territories; and
- development, marketing and distribution partners may develop or distribute products that compete with Knight's products.

The occurrence of any of these or other events may impair commercialization of Knight's existing and future products.

Environmental, social and governance matters

Increasingly, in addition to the importance of their financial performance, companies are being judged by their performance on a variety of environmental, social and governance (ESG) matters, which are considered to contribute to the long-term sustainability of companies' performance. A variety of organizations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the Corporation 's efforts and impacts on climate change and human rights, ethics and compliance with law, and the role of the Corporation 's board of directors in supervising these issues. In addition to the topics typically considered in such assessments, in the healthcare industry, issues of the public's ability to access Knight's medicines are of particular importance. Knight actively manages a broad range of such ESG matters, taking into consideration their expected impact on the sustainability of Knight's business over time, and the potential impact of Knight's business on society and the environment. However, in light of investors' increased focus on ESG matters, there can be no certainty that Knight will manage such issues successfully, or that Knight will successfully meet society's expectations as to its proper role. Any failure or perceived failure by us in this regard could have a material adverse effect on Knight's reputation and on its business, share price, financial condition, or results of operations, including the sustainability of Knight's business over time.

Concentration of Credit Risk: Customers and Strategic Relationships

Credit risk is the risk of loss associated with the inability of a third party to fulfil its payment obligations. Knight is exposed to credit risk with respect to amounts receivable from customers. The corporation monitors its customers' credit and also considers the impact COVID-19 pandemic may have on customers when making credit assessments.

Individual credit limits are established after an analysis of the client's credit history, credit ratings, and forward-looking information provided by internal and external sources. There is a credit policy in place to ensure that these limits are periodically reviewed and immediately adjusted if needed. Furthermore, the Corporation establishes the expected credit loss provision based upon days past due and the likelihood of collection for each customer. Moreover, the potential future economic impact of COVID-19 may affect the collectability of customers receivables. Knight sells its pharmaceutical products to drug wholesalers, retailers and distributors, including national, provincial and independent pharmacies, retail drug and food store chains, hospitals, member of buying groups, clinics and other institutions. A significant portion of Knight's revenues is derived from such sales and therefore are dependent on the activities and success of those customers. Any significant reduction or loss of business with one or several of these customers could have a material adverse effect on Knight's business, financial condition, cash flows and results of operations.

Another source of credit risk for Knight arises from its investment in funds, strategic investments and loans in and to third parties with whom it has strategic commercial relationships. Knight intends to continuously monitor the risks associated with the amounts invested, however there can be no assurance of the financial stability of these debtors. The insolvency or operational failure of such debtors could both have an impact on the benefits that might otherwise be enjoyed by Knight under these strategic commercial relationships and jeopardize its ability to recover all or a portion of the credit it has extended, both of which could have an adverse impact on the financial position of Knight.

The marketable securities and cash equivalent balances are subject to minimal risk of changes in value and are invested in institutions with a S&P or DBRS credit rating of A or R1(low) or better which are invested in the following:

- four Canadian financial institutions & one foreign affiliate of Canadian financial institution
- one large foreign bank
- three Canadian credit unions
- one foreign government

The table below represents the Corporation's maximum exposure to credit risk without taking into consideration any security obtained to mitigate the risk. The maximum exposure to credit risk is determined by the carrying value of the asset.

For the years ended December 31,	**2021**	**2020**
	$	$
Trade and Accounts Receivable	**55,388**	62,676
Interest Receivable	**1,545**	4,270
Other Receivables	**2,288**	4,695
Loans Receivable	**33,068**	33,108
Investments in Funds	**151,389**	149,736
Total	**243,678**	254,485

Policies regarding returns, allowances and chargebacks may reduce revenues in future fiscal periods

Knight establishes reserves based on its best estimates of the impact that these policies may have in subsequent periods. Knight cannot ensure that such reserves are adequate or that actual product returns, allowances and chargebacks will not exceed the estimates, which could have a material adverse effect on the results of operations, financial condition, cash flows and the market price of Knight's securities.

All dollar amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

Value of Financial Assets

A significant portion of Knight's total assets relate to financial assets. Selected financial assets relating to strategic loans, equity investments, fund investments and derivatives held by the Corporation are summarized in the table below:

	Carrying amount	
As at December 31,	**2021**	2020
	$	$
Loans and other receivables		
Measured at amortized cost	**6,272**	8,847
Measured at FVTPL	**26,796**	24,261
Equity Investments		
Measured at FVTPL	**1,824**	5,154
Measured at FVOCI	**4,876**	4,464
Derivatives		
Measured at FVTPL	**1,286**	1,493
Fund Investments		
Measured at FVTPL	**151,389**	149,736
Total	**192,443**	193,955

Knight values a substantial portion of its financial assets at their fair values. When the fair values of financial assets recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, it is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as credit risk, discount rates, volatility and illiquidity. Changes in assumptions about these factors could affect the reported fair value of financial assets.

The fair values of Knight's financial assets may fluctuate significantly which could have a material adverse effect on the Corporation's results of operations, financial condition, cash flows and the market price of Knight's securities. In addition, there is no guarantee that the fair values of Knight's financial assets will be realized in full or in part by the Corporation.

For more information regarding the Corporation's financial assets, methodology for measuring fair values of financial assets, refer to Notes 2, 3, 16 and 17 of the Corporation's Financial Statements for the fiscal year ended December 31, 2021, which can be found under Knight's profile at www.sedar.com.

Value of Investments in Funds

The Corporation records investments in funds at their NAV and its valuation may involve uncertainties and judgment determinations made by fund investment managers and, if such valuations should prove to be incorrect, the NAV of a fund could be misstated. Independent pricing information may not always be available to Knight regarding certain securities and other investments held within the funds. Additionally, the funds may hold investments which by their very nature may be extremely difficult to value accurately. The NAV of Knight's investment in funds is $151,389 as at December 31, 2021, which includes unrealized gains of $61,436 and there can be no assurance that Knight will not incur any material write-down in the future on the investments in funds or that Knight will realize the current NAV of its fund investment.

All dollar amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

Value of Inventory

Knight values inventory at the lower of cost (average cost), and net realizable value. Knight establishes reserves for inventory to reflect situations in which the cost of the inventory is not expected to be recovered. The reserve for inventory is equal to all or a portion of the inventory which has reached its expiration or is close to expiration and not expected to be sold, based on the specific facts and circumstances. In order to determine whether the inventory is properly stated at the lower of cost or net realizable value, management plans to review the amount of inventory on hand and the remaining shelf life, and estimate the time required to sell such inventory taking into account current and expected market conditions and competition. The write-down of inventory may have a material adverse effect on the results of operations in the period in which the write-down occurs.

Income Tax

Knight's income tax reporting is subject to audit by tax authorities. The effective tax rate may change from year to year based on the mix of income, non-deductible expenses, changes in tax law and changes in the estimated values of future income tax assets and liabilities.

Knight bases its tax provision on certain estimates and assumptions made by management. Knight's consolidated income tax rate is affected by the mix and amount of net income earned in each of its subsidiaries. Knight may enter into many transactions and arrangements in the ordinary course of business and in certain of these, the tax treatment may not be entirely certain. Knight therefore makes and will continue to make estimates and judgments in determining its consolidated tax provision and the value of Knight's tax assets and taxes payable.

In a tax audit, our interpretation of tax legislation may be challenged and tax authorities in various jurisdictions may disagree with, and subsequently challenge, the amount of profits taxed in such jurisdictions under our inter-company agreements. The outcome of any audits by taxation authorities may differ from the estimates and assumptions Knight will use in determining its consolidated tax provisions and accruals. This could result in a material effect on Knight's consolidated income tax provision, financial position, cash flows and the net income for the period in which such determinations are made. From time to time, the Corporation is subject to tax audits. While the Corporation believes that its filing positions are appropriate and supportable, periodically, certain matters are challenged by tax authorities.

Knight received notices of reassessment from the CRA and the QRA in July 2018 and January 2019 respectively. The notices relate to the disposition in 2014 of a PRV held by Knight's wholly-owned subsidiary, Knight Therapeutics International S.A. A PRV is a transferrable asset that entitles the holder to a priority review for a drug of its choice.

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA respectively in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at December 31, 2021 is estimated at $2,091 and has not been recorded by the Company.

Knight believes that the reassessments are unfounded and filed a notice of objection with CRA in September 2018 to start the appeals process. In October 2021, CRA responded to Knight's notice of objection with a confirmation of their initial tax reassessments. Knight filed a notice of appeal to the Tax Court of Canada in December 2021.

Based on the Company's view of the likely outcome of the appeals process, Knight expects to recover the total of $41,582 deposited with the taxation authorities and has not recorded any tax provision related to the disposal of the PRV in its financial statements. However, there can be no assurance regarding the outcome or when a resolution may be reached.

Although Knight believes its tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from historical income tax provisions and accruals. An unsuccessful outcome of our dispute with CRA and QRA could result in Knight not recovering the amounts paid to the tax authorities, which could have an adverse effect on our liquidity and financial position.

Knight and its affiliates are subject to taxation in Canada and the U.S., and with the acquisition of GBT, Knight is subject to tax in 10 countries in LATAM as well as Spain and Luxembourg. Knight may in the future be subject to taxation in other foreign jurisdictions. The integrated nature of Knight's operations can produce conflicting claims from taxation authorities in different countries as to the profits to be taxed in the individual countries, including potential disputes relating to the prices Knight subsidiaries charge one another for intercompany transactions, known as transfer pricing. In recent years, tax authorities around the world have increased their scrutiny of corporate tax filings and have become more rigid in exercising any discretion they may have. GBT currently maintains certain operating activities in the WTC Free Zone in Montevideo, Uruguay. This allows Knight to benefit from tax relief from commercial activities conducted on behalf of the operation through the WTC Free Zone. A change to regulations or interpretations by other jurisdictions of the Uruguayan Free Zone may have a material adverse effect on the Corporation's cash flows, financial position and operating results. Knight's effective tax rate and tax liability is determined by a number of factors, including the amount of taxable income in particular jurisdictions, the tax rates in these jurisdictions, tax treaties between jurisdictions, the extent to which it transfers funds to and repatriates funds from its subsidiaries and future changes in laws. An adverse interpretation or ruling by one of the taxing authorities in a jurisdiction in which Knight operates or a change in law could increase its tax liability or result in the imposition of penalty payments, which could adversely impact its operating results.

Changes to global tax regulations such as the on-going discussion on an international agreement for the global minimum tax rate or changes to the base erosion and profit shifting ("BEPS") guidelines of the Organization for Economic Cooperation and Development ("OECD") may have adverse consequences to our tax assets and liabilities. Furthermore, Knight benefits from certain governmental programs including tax treaties in certain countries and states in which it operates. The termination or expiration of such governmental programs could adversely affect our profitability.

PFIC rules related to the ownership and disposition of Knight shares

Knight may be a PFIC in accordance with the Internal Revenue Code and the U.S. Internal Revenue Service may now or in the future designate it as such. A U.S. holder of shares of a PFIC will generally be required to treat excess distributions or gain from the sale of shares as ordinary income and pay an interest charge to the extent the excess distribution or gain is allocated to prior taxable years for PFIC purposes. If Knight is a PFIC, U.S. holders who make a timely election could, either (a) mark their Common Shares to market each year and treat the gain or loss (to the extent of previously recognized gain) as ordinary income or (b) include in their income annually their share of net earnings of Knight as income from a qualified electing fund (a "QEF Election"), whether or not Knight distributes cash to the U.S. holder. However, if Knight is not able to provide U.S. holders with the information required by them to make a QEF Election, such U.S. holders may not be able to avail themselves of the QEF Election. A PFIC is any non-U.S. corporation which meets either an asset or income test. The asset test is met if at least 50% of assets of a corporation consist of assets that produce or are held to produce passive income; and the income test is met if at least 75% of its gross income consists of passive income. Knight has raised considerable capital in anticipation of

executing its business strategy and it is possible that such capital could be considered a passive asset under the PFIC asset test. Therefore, it cannot be assumed that Knight is not currently a PFIC and it is possible that it will remain or become a PFIC in the future.

Quarterly fluctuations

Knight's results of operations, and in particular, revenues, may vary from quarter to quarter due to many factors including the following: the level of acceptance of Knight's products, which will affect the revenues associated therewith; the ability to sell meaningful amounts of Knight's current product pipeline which may be dependent on approvals for an initial indication or additional indications in Canada, Latin America and select international markets; the timing and number of future product launches. Each new product launch may require significant promotional investment during the first three to five years from launch. The level of patient and physician acceptance of Knight's existing and future products, as well as the availability of similar therapies, may impact Knight's revenues by driving the level and timing of prescriptions for its products. Other factors include expenditures related to the acquisition, sale and promotion of pharmaceutical products, the availability and cost of raw materials, interruptions in supply by third-party manufacturers, new products introduced by Knight or its competitors, the mix of products that Knight sells, sales and marketing expenditures and general economic and industry conditions that may affect customer demand.

Compliance with Laws and Regulations affecting public companies

Any future changes to the laws and regulations affecting public companies, compliance with existing provisions of National Instrument *52-109 – Certification of Disclosure in Issuers' Annual and Interim* Filings of the Canadian Securities Administrators ("NI 52-109") and the other applicable Canadian securities laws and regulation and related rules and policies, may cause Knight to incur increased costs as it evaluates the implications of new rules and responds to new requirements. Delays or a failure to comply with the new laws, rules and regulations could result in enforcement actions, the assessment of other penalties and civil suits.

New laws and regulations may make it more expensive for Knight to provide indemnities to its officers and directors and may make it more difficult to obtain certain types of insurance, including liability insurance for directors and officers; as such, Knight may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for Knight to attract and retain qualified persons to serve on its Board of Directors, or as executive officers. Knight may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services—all of which could cause general and administrative costs to increase beyond what Knight currently has planned. Knight intends to evaluate and monitor developments with respect to these laws, rules and regulations, and cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs. Knight is required to review and report annually on the effectiveness of its internal control over financial reporting in accordance with NI 52-109.

Knight's CEO and CFO are expected to report on the effectiveness of Knight's internal control over financial reporting. Management's review is designed to provide reasonable assurance, not absolute assurance that all material weaknesses existing within Knight's internal controls are identified. Material weaknesses will represent deficiencies existing in Knight's internal controls that may not prevent or detect a misstatement occurring which could have a material adverse effect on the quarterly or annual financial statements of Knight. In addition, management cannot provide assurance that the remedial actions that will be taken by Knight to address any material weaknesses identified will be successful, nor can management provide assurance that no further material weaknesses will be identified within its internal controls over financial reporting in future years. If Knight fails to

maintain effective internal controls over its financial reporting, there is the possibility of errors or omissions occurring or misrepresentations in Knight's disclosures which could have a material adverse effect on Knight's business, its financial statements, and the value of the Common Shares.

The Corporation's manufacturing and testing facilities are subject to laws and regulations at various government levels, including federal, state/provincial and municipal. These laws and regulations relate to the whole spectrum of production, starting from reception of raw materials and ingredients to finished products, and cover matters such as product safety, quality, processing, content, composition, labelling, packaging and storage. They also cover matters relating to product logistics and distribution in respect of products manufactured by the Corporation and products manufactured by third parties that are handled by the Corporation. The Corporation production facilities are subject to plant inspections by government authorities in order to ensure compliance with applicable laws and regulations.
As a public company, the Corporation is required to comply with the internal control evaluation and certification requirements of Canadian securities laws. During the year, company has integrated all of GBT entities to the Internal Control – Integrated Framework (2013 COSO Framework). As a result, based on the evaluation of the Knight's ICFR, the Corporation's financial reporting internal controls are currently in compliance with those requirements.

Reliance on Information Technology

Knight is dependent on information technology systems, including internet-based systems, for internal communication as well as communication with customers and suppliers. Our business depends on the efficient and uninterrupted operation of our computer and communications systems and networks, hardware and software systems and our other information technology. As such, we continuously invest financial and other resources to maintain, enhance, further develop, replace or add to our information technology infrastructure. Such efforts carry risks such as cost overruns, project delays and business interruptions, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, these measures are not guaranteed to protect against all cybersecurity incidents.

In the ordinary course of our business, we collect and maintain information, which includes confidential, proprietary and personal information regarding our customers and employees, in digital form. Over the last year, in order to improve our processes, we have implemented several different systems and IT tools, most of which are managed or hosted by third parties. Disruption, degradation, destruction or manipulation of these systems through intentional or accidental means by Knight employees, third parties with authorized access or cyber threat actors could adversely affect key business processes. The complexity of systems, and those of third-party providers with whom Knight contracts, make such systems potentially vulnerable to service interruptions. Data maintained in digital form is subject to risk of cyber-attacks, which are increasing in frequency and sophistication and are made by groups and individuals with a wide range of motives and expertise, including criminal groups, "hackers" and others. Cyber-attacks could include the deployment of harmful malware, viruses, worms, denial-of-service attacks, ransomware, phishing, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. Despite our efforts to monitor and safeguard our systems to prevent data compromise, the possibility of a future data compromise cannot be eliminated entirely, and risks associated with intrusion, tampering and theft remain. If our systems were to fail or we are unable to successfully expand the capacity of these systems, or we are unable to integrate new technologies into our existing systems, our operations and financial results could suffer.

We also have outsourced certain elements and functions of our operations, including but not limited to our information technology infrastructure, third party warehouse & logistics providers, pharmacovigilance and specialty pharmaceutical activities, to third parties. As a result, we manage many independent vendor relationships with

third parties who may or could have access to our confidential information. The size and complexity of our and our vendors' systems make such systems potentially vulnerable to service interruptions and to security breaches from inadvertent or intentional actions by our employees, our partners, our vendors or other third parties, or from attacks by malicious third parties.

The Company and its vendors' information technology operations are spread across multiple, sometimes inconsistent platforms, which pose difficulties in maintaining data integrity across systems. The ever-increasing use and evolution of technology, including cloud-based computing, creates opportunities for the unintentional or improper dissemination or destruction of confidential information stored in the Corporation's systems.

Any breach of our security measures or the accidental loss, inadvertent disclosure, unapproved dissemination, misappropriation or misuse of trade secrets, proprietary information or other confidential information, whether as a result of theft, fraud, cyber-attacks, hacking, trickery or other forms of deception or any other cause, could enable others to produce competing products, use our proprietary technology or information and/or adversely affect our business position. Further, any such interruption, security breach, loss or disclosure of confidential, proprietary or personal information could result in financial, legal, business and reputational harm to our company and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, the Company deals with various third party stakeholders such as CMOs, license partners, health regulatory agencies. Those stakeholders may also be reliant on their information technology to maintain their operations. Any failure of their IT systems could lead to a negative impact to the Company's business and result of operations. For example, in Q1-2022, the Corporation became aware that the Colombian Health Regulatory Authority, INVIMA, is not accepting electronic regulatory submissions until further notice. It is believed that INVIMA could have suffered cybersecurity attack which could leads to delays of the Corporation's approval for new drugs, renewal of existing drugs or the transfer of the marketing authorization of Exelon®.

Reliance on data obtained from IQVIA

Knight relies on operational data obtained from IQVIA, an industry accepted data source. IQVIA data may not accurately reflect actual prescriptions. If IQVIA data is inaccurate or unreliable and Knight's controls are not effective, there could be an adverse effect on Knight's ability to properly manage inventory and its financial performance.

Volatility of Share Price

The market price of the Common Shares is unpredictable and may be volatile, which could cause the value of a shareholder's investment to decline. Publicly-traded securities such as those of the Corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could fluctuate significantly for various reasons, many of which are beyond the Corporation's control, including the following:

- changes or perceived changes in the condition (including financial condition), operations, results or prospects of the Corporation's businesses and market assessments of these changes or perceived changes;
- the Corporation's announcements or those of its competitors' regarding new products or services, enhancements, significant contracts, acquisitions or strategic investments;
- changes in the Corporation's capital structure, such as future issuances of securities or sales of large blocks of Common Shares by the Corporation's shareholders;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors;
- changes in governmental regulations or proposals, or new government regulations or proposals, affecting the Corporation;
- the addition or departure of the Corporation's executive officers and other key personnel;
- the Corporation's quarterly or annual earnings or those of other companies in the Corporation's industry and anticipated fluctuations in respect thereof;
- operating and stock price performance of companies that investors deem comparable to the Corporation;
- changes in earnings estimates or recommendations by securities analysts who track the Common Shares;
- changes in industry conditions;
- developments related to investigations, regulatory proceedings, or litigation that involve the Corporation;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets; and
- changes in general market, economic and political conditions in the United States, Canada, the EU and global economies or financial markets in which the Corporation does business, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated or disproportionate to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Interest rate risk

Knight is subject to interest rate risk on its cash and cash equivalents, marketable securities and loans. Details regarding maturity dates and effective interest rates are described in Notes 7, 8, and 18 of the Corporation's Financial Statements for the fiscal year ended December 31, 2021 which can be found under Knight's profile at www.sedar.com. The Corporation does not believe that the results of operations or cash flows would be materially affected to any significant degree by a sudden change in market interest rates relative to interest rates on the investments, owing to the relative short-term nature of the marketable securities and currently low market yields.

Equity price risk

The carrying values of the available for sale investments subject to equity price risk are:

2021	**$**
Equity investments	**6,700**
Investments in Funds	**151,389**
Derivatives	**1,286**
Net exposure	**159,375**

2020	**$**
Equity investments	9,618
Investments in Funds	149,736
Derivatives	1,493
Net exposure	160,847

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The Corporation monitors its equity investments for impairment on a periodic basis and at least at every reporting period. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Corporation manages the equity price risk through the use of strict investment policies approved by the Board of Directors. The Corporation's Board of Directors regularly reviews and approves equity investment decisions.

Foreign exchange risk

The Company maintains cash and cash equivalents, marketable securities, trade and other receivables, other financial assets, other balances payable and accounts payable and accrued liabilities in many currencies. The Company is primarily exposed to the USD, EUR, BRL and ARS and is therefore exposed to foreign exchange risk on these balances. The following table presents the significant net currency exposure on the foreign-denominated balances. The table includes the net financial assets whose revaluation effect goes though the consolidated statement of income, and therefore includes intercompany balances and excludes foreign currency balances that get revaluated to CAD through other comprehensive income.

2021	USD	EUR	BRL	ARS
Cash and cash equivalents	47,001	1,042	—	—
Trade and other receivables	2,568	129	125,993	247,844
Other financial assets	66,535[1]	24,931	—	—
Accounts payable and accrued liabilities	(3,921)	(1,761)	(77,703)	—
Other financial liabilities	(1,048)	—	—	—
Net exposure	**55,935**	**24,341**	**48,290**	**247,844**

[1] Includes intercompany loans in foreign currency between Company's subsidiaries

2020	USD	EUR	BRL	ARS
Cash and cash equivalents	41,181	615	—	—
Marketable securities	10,000	—	—	—
Trade and other receivables	3,519	159	28,902	147,588
Other financial assets	40,046	25,869	—	—
Other balances payable	(380)	—	—	—
Accounts payable and accrued liabilities	(5,832)	(1,426)	(17,786)	—
Other financial liabilities	(15,789)	—	—	—
Net exposure	**72,745**	**25,217**	**11,116**	**147,588**

The Company is also exposed to foreign exchange risk on the CLP, COP, BOB, CHF, MXN, PEN, PYG and UYU. The total net exposure, in CAD, for these currencies is $945 (2020: $1,137).

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Absence of dividends

Knight has not paid dividends on its Common Shares and does not anticipate declaring any dividends in the foreseeable future. Thus, the return on an investment in Common Shares will depend upon any future appreciation in value. There is no guarantee that the Corporation will declare dividends in the future or that the Common Shares will appreciate in value or even maintain the price at which they were purchased.

Risks associated with our internal controls over financial reporting.

Any controls and procedures or ICFR, despite how well they may be designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the Corporation's control system are met and that all control issues, including instances of fraud, if any, within the Corporation have been prevented or detected. Any failure of Corporation's internal controls could have an adverse effect on results of operations. Ensuring compliance with reporting and other obligations places significant demands on management, administrative, operational and accounting resources and may result in higher than anticipated operating expenses, as well as higher independent auditor fees. In addition, a failure to maintain an effective system of disclosure controls and internal control over financial reporting, may impact Corporation's ability to produce timely and accurate financial statements or comply with applicable regulations. Moreover, despite Corporation's efforts to implement controls in Knight's domestic and international operations, there can be no assurance that these controls will prove to be effective in all instances.

DIVIDEND RECORD AND POLICY

Knight intends to retain its earnings to finance growth and does not expect to pay dividends on its Common Shares in the foreseeable future. No dividend was declared or paid by the Corporation on its Common Shares since the Corporation came into existence.

CAPITAL STRUCTURE

The authorized share capital of the Corporation is comprised of an unlimited number of Common Shares of which 117,025,979 Common Shares, 5,151,533 stock options, 29,205 Deferred Stock Units, 111,751 Restricted Stock Units, 215,487 Performance Stock Units and 174,228 warrants to purchase Common Shares were issued and outstanding as at March 23, 2022. Each Common Share entitles the holder to one vote per share. The holders of Common Shares are entitled to receive notice of meetings of shareholders of the Corporation and to vote at such meetings. The holders of the Common Shares are entitled to receive, as and when declared by the Board of Directors, dividends in such amounts as shall be determined by the Corporation's Board of Directors. The holders of Common Shares have the right to receive the remaining property of the Corporation in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

MARKET FOR SECURITIES

The Common Shares of the Corporation are posted and listed for trading on the TSX and are traded under the symbol "GUD".

Price Range and Trading Volume

The following table sets forth, for the periods indicated, the reported high and low closing prices and the total trading volume of the Common Shares on the TSX on a monthly basis:

Month	Low	High	Volume
2021			
January	5.25	5.69	6,327,000
February	5.16	5.64	6,251,800
March	4.99	5.43	9,901,700
April	5.19	5.60	7,890,500
May	5.21	5.65	6,340,300
June	5.24	5.45	5,496,100
July	5.04	5.34	6,711,400
August	5.08	5.60	6,498,400
September	5.21	5.54	4,168,100
October	5.14	5.37	4,434,900
November	5.18	5.46	9,556,500
December	5.20	5.30	8,960,200
2022			
January	5.26	5.55	8,029,100
February	5.38	5.63	2,726,900
Up until March 18, 2022	5.35	5.67	2,844,232

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DIRECTORS AND OFFICERS

The following table sets forth the name, province or state, and country of residence of each of the directors of the Corporation as at December 31, 2021, as well as their position with the Corporation, as applicable, or their principal occupation, as well as the year in which they became directors of the Corporation.

Name. Province/State of Residence	Principal Occupation	Director Since	Other Principal Occupations Held in Last Five Years
Jonathan Ross Goodman Québec, Canada	Executive Chairman of the Corporation	2013	CEO of the Corporation from 2014 to August 2021 / President of the Corporation from 2013-2016 / Chairman of the Board of Paladin from 2012-2014
James C. Gale[(1)] New York, USA	Managing Partner, Signet Healthcare Partners (healthcare investing)	2013	None
Samira Sakhia Québec, Canada	President and Chief Executive Officer of the Corporation	2016	President of the Corporation from 2016 to August 2021/ Chief Financial Officer of Paladin from 2001-2015
Robert N. Lande[(1)(2)] New York, USA	President, FXCM Group LLC (foreign exchange trading services)	2013	Chief Financial Officer of Global Brokerage Inc., a shareholder in FXCM Group LLC
Michael J. Tremblay [(2)] Ontario, Canada	Corporate Director	2019	President of Astellas Pharma Canada, Inc. from 2010-2018
Nicolás Sujoy Buenos Aires, Argentina	Partner, Clara Capital	2020	Founding partner of Private Equity Firm Clara Capital/ Director and Country Manager for Advent International
Janice Murray [(1)(2)] Beaconsfield, Quebec	Corporate Director	2020	President of Novartis Pharmaceuticals Canada 2017-2019 / Chief Financial Officer for Latin America and Canada Region of Novartis

(1) Member of the Audit Committee

(2) Member of the Compensation, Corporate Governance and Nominating Committee

The following table sets forth the name, province and country of residence and position within the Corporation of each person who is an executive officer as of the date hereof.

Name, Province of Residence	Position within Knight	Other Principal Occupations Held in Last Five Years
Samira Sakhia Quebec, Canada	President and Chief Executive Officer	President & COO of the Corporation from June 2020 to Aug 2021 / President of the Corporation from March 2020 to June 2020 / President & CFO of the Corporation from November 2017 to March 2020 / President of the Corporation from August 2016 to November 2017
Arvind Utchanah Montevideo, Uruguay	Chief Financial Officer	VP Finance of the Corporation from August 2019 to March 2020 / Director Finance of the Corporation from June 2016 to August 2019
Amal Khouri Quebec, Canada	Chief Business Officer	Vice President, Business Development at Knight (2014-2021)

As at March 24, 2022, the directors and executive officers of Knight as a group beneficially own or exercise control or direction over, directly or indirectly, 23,062,683 Common Shares, representing approximately 19.7% of the issued and outstanding Common Shares.

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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 Information Circular, or has been, within 10 years before the date of this Information 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 Information Circular, or has been within 10 years before the date of this Information 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 Information 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 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 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 Toronto Stock Exchange.

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

Mr. Gale served as a board member of Sancilio & Company Inc. ("Sancilio") since 2017 pursuant to a stockholder's agreement between Signet Healthcare Partners and other shareholders of Sancilio. On June 5, 2018, Sancilio and certain of its affiliates filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code.

Penalties or Sanctions

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

Committees of the Board of Directors and their Responsibilities

Prior to March 2017, the committees of the Board of the Directors were the Corporate Governance and Compensation Committee, the Nominating Committee and the Audit Committee. In March 2017, the Board approved a merger of its Nominating Committee and Corporate Governance and Compensation Committee to form the Compensation, Corporate Governance and Nominating Committee ("CCGNC"). The principal duties of the CCGNC include all responsibilities of the predecessor committees.

CCGNC

The members of the CCGNC are Michael Tremblay (Chairperson), Robert Lande, Nicolas Sujoy and Janice Murray. 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 objectives 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 share-based awards and stock options pursuant to the Omnibus Equity Incentive Plan; and

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

Audit Committee Disclosure

Audit Committee's Charter

The principal duties of the Audit Committee of the Board (the "Audit Committee") include assisting the Board in its oversight of (i) the integrity of the Corporation's financial statements, financial reporting process, system of internal controls over financial reporting, and audit process, (ii) compliance with, and process for monitoring compliance with, legal and regulatory requirements, (iii) the independent auditors' qualifications and independence, (iv) the performance of the independent auditors, and (v) pre-approval of all audit and non-audit services provided by the independent auditors. The Audit Committee charter is attached hereto as Schedule "B".

The Audit Committee meetings for fiscal year 2021 took place on a quarterly basis.

Composition of the Audit Committee

The Audit Committee is composed of Robert N. Lande (Chairman), James C. Gale, and Janice Murray, each of whom is (i) independent and (ii) financially literate. Each member has the ability to read and understand financial statements that present a breadth and complexity of accounting issues comparable to the breadth and complexity of the issues raised by the Knight's financial statements, understand the accounting principles Knight uses to prepare its financial statements and have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

Relevant Education and Experience

Robert N. Lande – Chairman

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, 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 was a member of the board of directors of Paladin from 1995 to 2014. Mr. Lande is a chartered financial analyst and holds an M.B.A. from the John Molson School of Business of Concordia University and a B.A. in Economics from McGill University.

James C. Gale, Director

Mr. Gale is the founding partner of Signet Healthcare Partners. He is currently the Chairman of the Board of Bionpharma, Inc., and also serves on the board of directors of Ascendia Pharmaceuticals, Hyloris SA, Lee's Pharmaceutical Holdings Ltd, Juno Pharmaceuticals Inc, Pharma Nobis LLC, RK Pharma Inc., Leon Nanodrugs GmbH, Pharmaceuticals International Inc. and Chr. Olesen Synthesis A/S. Prior to Signet, Mr. Gale worked for Gruntal & Co., LLC as head of principal investment activities and investment banking. Prior to joining Gruntal, he worked in 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 a member of the Board of Directors of Paladin Labs Inc. from 2008 to 2014.

Janice Murray

Ms. Murray has a wealth of pharmaceutical experience as well as leadership in general management, strategy, finance and sales & marketing. She served as Chief Financial Officer of Novartis Pharmaceuticals Canada Inc., for several years before becoming Vice-President of the Ophthalmics Business Franchise. Ms. Murray then became Chief Financial Officer of the Latin America & Canada Region where she was responsible for 10 reporting units and $2 billion in sales. Before her retirement in 2019, she became President of Novartis Canada where she led multiple therapeutic areas, launched several innovative medicines and served on the Innovative Medicines Canada Industry Board. Prior to Novartis Canada, Ms. Murray held several roles at Canadian National Railways, including Vice-President Network Strategy Development, Vice-President of Sales and Market Development and Chief of Internal Audit where she led several strategic projects during key acquisitions and privatization. She completed her CPA, CA designation while working at KPMG LLP where she became an Audit Manager. Ms. Murray holds a Bachelor of Commerce from University of Ottawa and a Graduate Diploma in Accounting from McGill University. Ms. Murray serves on the boards of Boondoc Technologies, the VOBOC Foundation, and the Teresa Dellar Palliative Care Residence Foundation. Ms. Murray holds a CPA designation from the Ordre des comptables professionnels agréés du Québec, as well as ICD.D designation from the Institute of Corporate Directors' program at the University of Toronto - Rotman School of Management.

Pre-Approval Policies and Procedures

The Audit Committee has instituted a policy to pre-approve audit and non-audit services. The Chair of the Audit Committee is given limited delegated authority from time to time by the Audit Committee to pre-approve permitted non-audit services. The Audit Committee also considers on a continuing basis whether the provision of non-audit services is compatible with maintaining the independence of the external auditors.

External Auditor Service Fees

The table below provides the fees that Ernst & Young LLP billed the Corporation for the fiscal years ended December 31, 2021 and December 31, 2020: in

Category	**2021**	2020
	$	$
Audit services	**1,924,153**	2,159,184
Audit-related services	**116,602**	256,600
Tax services	**672,460**	865,875
Total Fees	**2,713,215**	3,281,659

Fees for audit services include fees associated with the annual audit, translation services, accounting assistance, involvement with public offerings and fees associated with regulatory filings. Tax fees include tax compliance, tax advice and tax planning, including expatriate tax services.

LEGAL PROCEEDINGS

To the knowledge of the Corporation there are no material legal proceedings to which the Corporation is a party or to which their property is subject, and no such proceedings are contemplated.

All dollar amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

MATERIAL CONTRACTS

The Corporation has entered into the following material contracts, the particulars of which are described elsewhere in this Annual Information Form:

- Share purchase and sale agreement on other covenants entered into by a and among, on one side, as Sellers, ADVENT CARTAGENA (LUXEMBOURG) S.à.r.l.ESSEX WOODLANDS HEALTH VENTURES FUND VIII, LPESSEX WOODLANDS HEALTH VENTURES FUND VIII-A, WOODLANDS HEALTH VENTURES FUND VIII-B, LPBIOTOSCANA SECONDARY INVESTMENTS S.C.S.ROBERT FRIEDLANDERMAZAL INVESTMENT VENTURES LTD.ROBERTO LUIZ GUTTMANN and on the other side as Buyer, KNIGHT THERAPEUTICS INC. dated October 18, 2019.

- Asset purchase agreement by and between Knight and Novartis AG and Novartis Pharma AG dated April 22, 2021.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare at its principal offices located in Montreal, Quebec.

INTEREST OF EXPERTS

The Corporation's Annual Audited Consolidated Financial Statements for the year ended December 31, 2021 included in the Corporation's Annual Report filed under *National Instrument 51-102 – Continuous Disclosure Obligations*, portions of which are incorporated by reference in this AIF, have been audited by Ernst & Young LLP. Ernst & Young LLP is independent of the Corporation within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

ADDITIONAL INFORMATION

Additional information regarding the Corporation can be found under the Corporation's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and the securities authorized for issuance under our equity compensation plan, if applicable, is contained in our management information circular for our annual meeting of shareholders filed on an annual basis. Additional financial information is provided in our Financial Statements and MD&A for the most recent completed financial year.

The foregoing documents may be obtained by contacting our Chief Executive Officer at our head office, 3400 De Maisonneuve Blvd. W., Suite 1055, Montreal, Québec H3Z 3B8, telephone: (514) 484-4483.

SCHEDULE "B"
AUDIT COMMITTEE CHARTER

APPROVED BY THE BOARD OF DIRECTORS ON FEBRUARY 22, 2015

The Audit Committee (the "**Committee**") is created by the Board of Directors of the Corporation (the "**Board**") with the purpose, composition, duties and responsibilities that follow:

Purpose of the Committee: The Committee represents and assists the Board in discharging its oversight responsibility relating to: (i) the accounting, reporting, and financial practices of the Corporation and any subsidiaries, including the integrity of the Corporation's financial statements; (ii) the surveillance of administration and financial controls and the Corporation's compliance with legal and regulatory requirements; (iii) the External Auditor's qualifications and independence; (iv) the performance of the Corporation's External Auditor; and (v) prepares the report required to be included in the Corporation's annual information form pursuant to the rules of the governing regulatory bodies including *National Instrument 52-110 – Audit Committees* ("52-110").

Definitions and Interpretation:

In this Charter:

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

"**Chairman**" means the chairman of the Committee;

"**Committee**" means the audit committee of the Board;

"**Corporation**" means Knight Therapeutics Inc.

"**Director**" means a member of the Board; and

"**External Auditor**" means the Corporation's independent auditor.

Composition: The members of the Committee shall be appointed by the Board. The Committee shall be composed of at least three Directors. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office. Any member of the Committee may be removed from the Committee by a resolution of the Board.

Independence and Financial Literacy of the Members: Each member shall be "independent" within the meaning of 52-110. Each member of the Committee must be "financially literate" as defined in 52-110 and at least one member must have accounting or related financial management expertise, as determined by the Board.

Committee Chairman: The Chairman of the Committee (the "Chairman") shall be designated by the Board. The designation of the Committee's Chairman shall take place annually at the first meeting of the Board alter a meeting of the members at which Directors are elected, provided that if the designation of Chairman is not so made, the Director who is then serving as Chairman shall continue as Chairman until his or her successor is appointed.

Meetings: Any of the Chairman of the Board, any member of the Committee, the Chief Financial Officer, the Secretary of the Corporation or the auditor (either internal or the External Auditor), may, acting alone, require that the Chairman call a meeting of the Committee within a reasonable time. The Committee shall meet at least four times per year, either in person or telephonically, and at such times and places as the Committee shall determine. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meetings at the Corporation's expense. The Committee shall meet separately in executive session, at least once per year, with the External Auditor. The Committee shall report regularly to the full Board with respect to its activities. The majority of the members of the Committee shall constitute a quorum.

External Advisors: The Committee shall have the authority to retain such external counsel, accountants, experts and other advisors as it determines appropriate to assist it in the performance of its functions and shall receive appropriate funding, as determined by the Committee, from the Corporation for payment of compensation to any such advisors.

Remuneration of Committee Members: Members of the Committee and the Chairman shall receive such remuneration for their service on the Committee as the Board may determine from time to time. No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees. For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

Duties and Responsibilities:

Among its specific duties and responsibilities, the Committee shall:

i) Recommend to the Board the appointment and compensation of the External Auditor and oversee the External Auditor's work. The Board shall appoint and retain, subject to ratification by the Corporation's shareholders, compensate, evaluate, and terminate, when appropriate, the External Auditor, which shall report to the Board.

ii) Obtain and review, at least annually, a report by the External Auditor describing: the External Auditor's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review.

iii) Approve in advance all audit services to be provided by the External Auditor. (By approving the audit engagement, the audit services within the scope of the engagement shall be deemed to have been pre-approved.)

iv) Establish policies and procedures for the engagement of the External Auditor to provide audit and permissible non-audit services, which shall include pre-approval of all permissible non-audit services to be provided by the External Auditor.

v) Consider, at least annually, the independence of the External Auditor, including whether the External Auditor's performance of permissible non-audit services is compatible with the auditor's independence, and obtain and review a report by the External Auditor describing any relationships between the External Auditor and the Corporation or any other relationships that may adversely affect the independence of the auditor.

vi) Review and discuss with the External Auditor:

    a) the scope of the audit, the results of the annual audit examination by the auditor, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the

External Auditor's activities or on access to requested information and any significant disagreements with management; and

b) the reports of the External Auditor with respect to interim periods.

vii) Review, analyse and discuss with management and the External Auditor the annual audited financial statements of the Corporation, and, in relation thereto, if any:

a) the auditor's judgment as to the quality of the Corporation's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;

b) the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including accounting policies that may be regarded as critical;

c) major issues regarding the Corporation's accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and financial statement presentations;

d) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;

e) reports from the External Auditor as required by applicable securities rules; and

f) review earnings press releases.

These reviews must be completed before any of the above items are publicly disclosed.

viii) Recommend to the Board based on the review and discussion described in paragraph vii) above, whether the annual financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" relating thereto should be approved.

ix) Review, analyse and discuss with management and (if and where applicable) the External Auditor the interim financial statements of the Corporation, and, in relation thereto, if any:

a) an analysis of the auditor's judgment as to the quality of the Corporation's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;

b) major issues regarding the Corporation's accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and financial statement presentations;

c) reports from the External Auditor as required by applicable securities rules; and

d) review earnings press releases.

These reviews must be completed before any of the above items are publicly disclosed.

x) Approve, on behalf and in the name of the Board, based on the review and discussion described in paragraph vii) above, the interim financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" relating thereto.

xi) Resolve disagreements, if any, between management and the External Auditor with respect to issues relating to financial reporting.

xii) Review and discuss the adequacy and effectiveness of the Corporation's internal controls, including any significant deficiencies in internal controls and significant changes in such controls reported to the Committee by the External Auditor or management.

xiii) Periodically review and discuss the adequacy and effectiveness of the Corporation's disclosure controls over financial information, procedures, and management reports thereon.

xiv) Review and discuss with the principal internal auditor of the Corporation the scope and results of the internal audit program.

xv) Review and discuss corporate policies with respect to earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies.

xvi) Review and discuss the Corporation's policies with respect to risk assessment and risk management.

xvii) Oversee the Corporation's compliance systems with respect to legal and regulatory requirements.

xviii) Establish procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

xix) Establish policies for the hiring of employees and former employees of the External Auditor and any former external auditor.

xx) Annually evaluate the performance of the Committee and assess the adequacy of the Committee's charter.

Stock Exchange Listing
Toronto Stock Exchange
Trading Symbol: GUD

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