KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis

For the three and nine-month periods ended September 30, 2021

The following is Management's Discussion and Analysis of the financial condition and operating results of Knight Therapeutics Inc. ("Knight" or the "Company") for the three and nine-month periods ended September 30, 2021. This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and nine-month periods ended September 30, 2021 and the audited consolidated financial statements and Management's Discussion and Analysis of financial condition and operating results in our annual report for the year ended December 31, 2020. Knight's unaudited interim condensed consolidated financial statements as at and for the three and nine-month periods ended September 30, 2021 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". All 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.

This discussion and analysis was prepared by management from information available as at November 10, 2021. Further information about Knight Therapeutics Inc., including the Annual Information Form, is available online on SEDAR at www.sedar.com.

Cautionary note regarding forward-looking statements

This Management's Discussion and Analysis may contain certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out herein. Factors and risks which could cause actual results to differ materially from current expectations are discussed in the Company's Annual Report and in the Company's latest Annual Information Form found on SEDAR at www.sedar.com. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

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(In thousands of Canadian dollars, except for share and per share amounts)

GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar
Q3-21	Third quarter of 2021
Q2-21	Second quarter of 2021
Q1-21	First quarter of 2021
Q4-20	Fourth quarter of 2020
Q3-20	Third quarter of 2020
Q2-20	Second quarter of 2020
Q1-20	First quarter of 2020
Q4-19	Fourth quarter of 2019

Abbreviation	Company
60P	60^{o} Pharmaceuticals LLC
Advaxis	Advaxis Pharmaceuticals Inc.
Alimera	Alimera Sciences Inc.
Antibe	Antibe Therapeutics Inc.
Ardelyx	Ardelyx, Inc.
BMS	Bristol-Myers Squibb
GBT	Biotoscana Investments S.A.
Incyte	Incyte Biosciences International Sàrl
Knight or the Company	Knight Therapeutics 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.
Profound	Profound Medical Inc.
Puma	Puma Biotechnology, Inc.
Sectoral	Sectoral Asset Management Inc.
Synergy	Synergy CHC Corp.
Triumvira	Triumvira Immunologics Inc.
TXMD	TherapeuticsMD, Inc.

Abbreviation	Financial
Annual Financial Statements	Audited annual consolidated financial statements
ARS	Argentine Peso
BOB	Bolivian Boliviano
BRL	Brazilian Real
C$ or $ or CAD	Canadian Dollar
CDI	Certificados de Depositos Interfinancieros (Brazil interbank lending rate)
CHF	Swiss Franc

Abbreviation	Financial (continued)
CLP	Chilean Peso
COP	Colombian Peso
DC&P	Disclosure Controls and Procedures
EPS	Earnings per share to common shareholders
EUR	Euro
FMV	Fair market value
FVTPL	Fair value through profit or loss
ICFR	Internal control over financial reporting

IFRS	International Financial Reporting Standards
Interim Financial Statements	Unaudited interim condensed consolidated financial statements
MXN	Mexican Peso
PEN	Peruvian Sol
PYG	Paraguayan Guarani
ROU	Right-of-use
US$/USD	U.S. Dollar
UYU	Uruguayan Peso

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

Abbreviation	**Other**
ART	Antiretroviral Therapy
ASPP	Automatic share purchase plan
CEO	Chief executive officer
CRA	Canada Revenue Agency
DSU	Deferred share units
ERP	Enterprise Resource Planning
Gx	Generic
HIV	Human immunodeficiency virus infection
IBS-C	Irritable Bowel Syndrome with Constipation
IQVIA	IQVIA Incorporated, a leading pharmaceutical market research organization
MTO	Mandatory tender offer
NCIB	Normal Course Issuer Bid
NDA	New Drug Application
NDS	New Drug Submission
NIHB	Non-Insured Health Benefits for First Nations and Inuit Program
NON	Notice of Non-Compliance
pERC	Pan-Canadian Oncology Drug Review Expert Review Committee
PMPRB	Patented Medicine Prices Review Board
PRV	Priority Review Voucher
PSU	Performance share units
QRA	Quebec Revenue Agency
RSU	Restricted share units
WAFV	Weighted average fair value

OVERVIEW

Section 1 – About Knight Therapeutics Inc.

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.

Section 2 – Q3-21 Highlights

Financial Results

- Revenues were $73,340, an increase of $28,101 or 62% over the same period in prior year.
- Gross margin of $37,766 or 51% compared to $19,533 or 43% in the same period in prior year.
- Adjusted EBITDA[1] was $17,334, an increase of $13,118 or 311% over the same period in prior year.
- Net loss on financial assets measured at fair value through profit or loss of $21,301 for the three-month period ended September 30, 2021.
- Net gain on financial assets measured at fair value through profit or loss of $16,644 for the nine-month period ended September 30, 2021.
- Net loss was $8,586, compared to $17,492 net income in the same period in prior year.
- Cash inflow from operations was $10,321, compared to a cash outflow from operations of $8,412 in prior year.

Corporate Developments

- Re-launched a normal course issuer bid ("NCIB") in July 2021 and purchased 2,963,022 common shares for an aggregate cash consideration of $15,361.
- Hired Monica Percario as Global VP Scientific Affairs, Daniela Marino as Global VP Legal and Compliance and Susan Emblem as Global VP Human Resources.

Products

- Entered into exclusive supply and distribution agreement with Incyte for tafasitamab and pemigatinib for Latin America.

Strategic Investments

- Received distributions of $2,042 from strategic fund investments and realized a gain of $1,634.

Subsequent to quarter-end

- Received $9,243 (US$7,460) as final distribution from the liquidation of NEMO II.
- Re-financed the Bancolombia loan extending the maturity date from December 14, 2021 to October 26, 2026.
- Purchased an additional 1,009,725 common shares through NCIB for an aggregate cash consideration of $5,258.

[1]Adjusted EBITDA is a non-IFRS measure, refer to section "Non-IFRS measures" for additional details

(In thousands of Canadian dollars, except for share and per share amounts)

Section 3 – GBT Integration Update

Prior to the acquisition of Knight, GBT was operating as four stand-alone companies: (i) Grupo Biotoscana, a regional specialty pharmaceutical focused on in-licensing headquartered in Colombia; (ii) United Medical, a Brazilian specialty pharmaceutical company focused on in-licensing; (iii) Laboratorio LKM, a regional specialty pharmaceutical company, based in Argentina focused on specialty branded generics; and (iv) Laboratorio DOSA, an Argentinian branded generic manufacturer focused on severe pulmonary pathologies ("GBT Companies"). The Company continues to focus on integrating Knight and the GBT Companies throughout 2021. The integration of GBT is complex due to its operations in ten different countries and has been further complicated due to COVID-19 restrictions.

During 2020, the Company made organizational and restructuring changes including at the level of GBT's management team. The total cost related to restructuring activities, including severance, was $3,871. Furthermore, the Company has also been implementing various processes and systems that would be essential in the integration process. During 2020 the Company initiated the implementation of a global ERP system with the intent to simplify and standardize the supply chain and finance functions. Knight's integration efforts during 2021 included additional changes to the structure and teams as well as further global systems implementation. During 2021, Knight completed the implementation of a global customer relationship management system and initiated implementation of systems for human resources and training, pharmacovigilance as well as an enterprise resource planning software. Further, during 2021 Knight expanded its management team with the addition of Global VP of Commercialization and Global VP of Human Resources based in Montreal, Canada and Global VP of Scientific Affairs and Global VP of Legal and Compliance based in Sao Paulo, Brazil. The Company expects that the integration of GBT will be substantially completed within the next 9 months.

FINANCIAL RESULTS

Section 4 – Results of Operations

Impact of Hyperinflation

The Company applies IAS 29, Financial Reporting in Hyperinflation Economies, as the Company's Argentine subsidiaries used the Argentine Peso as their functional currency. IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be adjusted based on an appropriate general price index to express the effects of inflation. After applying for the effects of translation, the statement of income is converted using the closing foreign exchange rate of the month. The Company restated the revenues and operating expenses of each of the following months in the nine-months ended September 30 using the following general price indexes:

2021

January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021
1.31	1.27	1.21	1.16	1.13	1.09	1.06	1.04	1.00

2020

January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021
1.20	1.17	1.13	1.12	1.10	1.08	1.06	1.03	1.00

(In thousands of Canadian dollars, except for share and per share amounts)

If the Company did not apply IAS 29, the effect on the Company's operating income (loss) would be as follows:

	Q3-21				YTD-21			
	Reported under IFRS	Excluding impact of IAS 29	Variance $[1]	Variance %[2]	Reported under IFRS	Excluding impact of IAS 29	Variance $[1]	Variance %[2]
Revenues	73,340	71,613	1,727	2%	185,205	182,880	2,325	1%
Cost of goods sold	35,574	33,202	(2,372)	7%	97,988	92,685	(5,303)	6%
Gross margin	37,766	38,411	(645)	2%	87,217	90,195	(2,978)	3%
Gross margin (%)	*51%*	*54%*			*47%*	*49%*		
Expenses								
Selling and marketing	9,990	9,666	(324)	3%	26,787	26,345	(442)	2%
General and administrative	8,763	8,100	(663)	8%	25,296	23,935	(1,361)	6%
Research and development	3,793	3,585	(208)	6%	9,196	8,993	(203)	2%
Amortization of intangible assets	11,199	10,262	(937)	9%	24,136	22,469	(1,667)	7%
Operating Income	4,021	6,798	(2,777)	41%	1,802	8,453	(6,651)	79%

[1] *A positive variance represents a positive impact to net income due to the application of IAS 29 and a negative variance represents a negative impact to net income due to the application of IAS 29*

[2] *Percentage change is presented in absolute values*

	Q3-20				YTD-20			
	Reported under IFRS	Excluding impact of IAS 29	Variance $[1]	Variance %[2]	Reported under IFRS	Excluding impact of IAS 29	Variance $[1]	Variance %[2]
Revenues	45,239	45,847	(608)	1%	144,328	145,860	(1,532)	1%
Cost of goods sold	25,706	24,765	(941)	4%	82,698	78,792	(3,906)	5%
Gross margin	19,533	21,082	(1,549)	7%	61,630	67,068	(5,438)	8%
Gross margin (%)	*43%*	*46%*			*43%*	*46%*		
Expenses								
Selling and marketing	7,763	7,604	(159)	2%	26,928	27,021	93	0%
General and administrative	10,835	10,883	48	0%	27,424	26,656	(768)	3%
Research and development	2,967	3,026	59	2%	8,035	8,175	140	2%
Amortization of intangible assets	5,703	5,756	53	1%	17,546	17,407	(139)	1%
Operating loss	(7,735)	(6,187)	(1,548)	25%	(18,303)	(12,191)	(6,112)	50%

[1] *A positive variance represents a positive impact to net income due to the application of IAS 29 and a negative variance represents a negative impact to net income due to the application of IAS 29*

[2] *Percentage change is presented in absolute values*

Impact of LATAM Foreign Exchange volatility

The Company records its transactions and balances in the respective functional currencies of its subsidiaries. Generally, for the LATAM subsidiaries, the functional currency is the local currency in the country where the entity operates. In order to convert a foreign-denominated transaction to the functional currency, the exchange rate prevailing at the date of the transaction is used. Furthermore, upon consolidation, for all subsidiaries with a functional currency other than CAD, the respective statements of income are translated using the average exchange rates for the period. The table below summarizes the average foreign exchange rates used for the conversion of selected LATAM currencies:

(In thousands of Canadian dollars, except for share and per share amounts)

Rates	YTD-21	Q3-21	YTD-20	Q3-20
BRL	4.26	4.15	3.75	4.08
ARS	74.49	77.19	49.79	54.91
COP	2,961	3,058	2,737	2,801
CLP	590	614	593	587

The below table summarizes the variances for the three and nine-month periods compared to prior year for selected LATAM currencies:

Variance (%)[1]	YTD-21 vs. YTD-20	Q3-21 vs. Q3-20
BRL	-14%	-2%
ARS	-50%	-41%
COP	-8%	-9%
CLP	1%	-5%

[1]Negative percentage represents a depreciation of the currency while a positive variance represents an appreciation of the currency (versus the past quarter)

Impact

The depreciation of LATAM currencies during 2021 has negatively impacted the Company's results in two ways:

i. Transactional impact: certain product purchases and operating expenses are denominated in foreign currencies (mainly USD, EURO and CHF); and,
ii. Translational impact: translation of local LATAM functional currency operating results to reporting currency in CAD.

Constant Currency

Financial results at constant currency[4] allow results to be viewed without the impact of fluctuations in foreign currency exchange rates thereby facilitating the comparison of results period over period. The presentation of financial results at constant currency is considered to be a non-GAAP measure and does not have any standardized meaning under GAAP. As a result, the information presented may not be comparable to similar measures presented by other companies.

Financial results at constant currency[4] are obtained by translating the prior period results from the functional currencies to CAD using the conversion rates in effect during the current period. Furthermore, with respect to Argentina, the Company excludes the impact of hyperinflation and translates the results at the average exchange rate in effect for each of the periods.

	Q3-21	Q3-20	Variance		YTD-21	YTD-20	Variance	
			Excluding impact of IAS 29					
		Constant Currency[4]	$[1]	%[2]		*Constant Currency[4]*	$[1]	%[2]
Revenues	**71,613**	44,235	27,378	62%	**182,880**	137,000	45,880	33%
Cost of goods sold	**33,202**	23,725	(9,477)	40%	**92,685**	72,163	(20,522)	28%
Gross margin	**38,411**	20,510	17,901	87%	**90,195**	64,837	25,358	39%
Gross margin (%)	***54%***	*46%*			***49%***	*47%*		
Expenses								
Selling and marketing	**9,666**	7,501	(2,165)	29%	**26,345**	25,699	(646)	3%
General and administrative	**8,100**	9,914	1,814	18%	**23,935**	25,547	1,612	6%
Research and development	**3,585**	3,040	(545)	18%	**8,993**	7,996	(997)	12%
Amortization of intangible assets	**10,262**	5,466	(4,796)	88%	**22,469**	15,923	(6,546)	41%
Operating income (loss)	**6,798**	(5,411)	12,209	226%	**8,453**	(10,328)	18,781	182%
EBITDA[3]	**17,334**	(695)	18,029	2,594%	**31,764**	6,315	25,449	403%
Adjusted EBITDA[3]	**17,334**	3,697	13,637	369%	**32,309**	12,481	19,828	159%

[1] A positive variance represents a positive impact to net income and a negative variance represents a negative impact to net income
[2] Percentage change is presented in absolute values
[3] Financial results at constant currency, EBITDA and adjusted EBITDA are non-IFRS measures, refer to section "Non-IFRS measures" for additional details
[4] Financial results at constant currency are non-IFRS measure, refer to section "Non-IFRS measures" for additional details

(In thousands of Canadian dollars, except for share and per share amounts)

Consolidated Statement of Income (Loss)

			Change				Change	
	Q3-21	Q3-20	**$[1]**	**%[2]**	**YTD-21**	YTD-20	**$[1]**	**%[2]**
Revenues	**73,340**	45,239	28,101	62%	**185,205**	144,328	40,877	28%
Cost of goods sold	**35,574**	25,706	(9,868)	38%	**97,988**	82,698	(15,290)	18%
Gross margin	**37,766**	19,533	18,233	93%	**87,217**	61,630	25,587	42%
Gross margin (%)	*51%*	*43%*			*47%*	*43%*		
Expenses								
Selling and marketing	**9,990**	7,763	(2,227)	29%	**26,787**	26,928	141	1%
General and administrative	**8,763**	10,835	2,072	19%	**25,296**	27,424	2,128	8%
Research and development	**3,793**	2,967	(826)	28%	**9,196**	8,035	(1,161)	14%
Amortization of intangible assets	**11,199**	5,703	(5,496)	96%	**24,136**	17,546	(6,590)	38%
Operating income (loss)	**4,021**	(7,735)	11,756	152%	**1,802**	(18,303)	20,105	110%
Interest income on financial instruments measured at amortized cost	**(188)**	(1,754)	(1,566)	89%	**(1,721)**	(7,477)	(5,756)	77%
Other interest income	**(1,214)**	(1,434)	(220)	15%	**(3,465)**	(4,038)	(573)	14%
Interest expense	**959**	822	(137)	17%	**2,287**	3,070	783	26%
Other expense (income)	**286**	(243)	(529)	218%	**193**	(133)	(326)	245%
Net loss (gain) on financial assets measured at fair value through profit or loss	**21,301**	(12,873)	(34,174)	265%	**(16,644)**	(22,642)	(5,998)	26%
Net gain on mandatory tender offer liability	—	(10,502)	(10,502)	100%	—	(12,072)	(12,072)	100%
Realized gain on sale of asset held for sale	—	—	—	0%	—	(2,948)	(2,948)	100%
Realized gain on automatic share purchase plan	—	—	—	0%	—	(4,168)	(4,168)	100%
Foreign exchange (gain) loss	**(7,143)**	703	7,846	1,116%	**252**	9,666	9,414	97%
(Gain) Loss on hyperinflation	**(92)**	401	493	123%	**(214)**	1,205	1,419	118%
(Loss) income before income taxes	**(9,888)**	17,145	(27,033)	158%	**21,114**	21,234	(120)	1%
Income tax								
Current	**1,351**	(3,079)	(4,430)	144%	**1,293**	1,386	93	7%
Deferred	**(2,653)**	2,732	5,385	197%	**(4,155)**	(3,679)	476	13%
Income tax recovery	**(1,302)**	(347)	955	275%	**(2,862)**	(2,293)	569	25%
Net (loss) income for the period	**(8,586)**	17,492	(26,078)	149%	**23,976**	23,527	449	2%
Attributable to shareholders of the Company								
Basic net (loss) earnings per share	**(0.07)**	0.14	(0.21)	150%	**0.19**	0.26	(0.07)	27%
Diluted net (loss) earnings per share	**(0.07)**	0.14	(0.21)	150%	**0.19**	0.26	(0.07)	27%
Adjusted EBITDA[4]	**17,334**	4,216	13,118	311%	**32,309**	15,065	17,244	114%

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss)
[2] Percentage change is presented in absolute values
[3] Relates to loss attributed to non-controlling shareholders of GBT prior to the completion of the Unified Tender Offer
[4] Adjusted EBITDA is a non-IFRS measure, refer to section "Non-IFRS measures" for additional details

(In thousands of Canadian dollars, except for share and per share amounts)

Revenues

Q3-21 vs Q3-20

For the quarter ended September 30, 2021 revenues increased by $28,101 or 62% compared to the same prior year period. On a constant currency basis, revenues increased by $27,378 or 62%. The growth in revenues on a constant currency basis is explained as following:

- An estimated increase in revenues of approximately $9,200 to $11,500 driven by the increased demand of certain of our infectious diseases products to treat invasive fungal infections associated with COVID-19. Of this amount, Knight estimates approximately $3,200 to $4,200 was not utilized during the quarter.
- An increase in revenues of $9,905 driven by the acquisition of Exelon®.
- An increase in revenues of $6,047 or 76%, from $7,918 to $13,965, driven by the growth of our recently launched products, including Cresemba®, Lenvima®, Halaven®, Nerlynx®, Trelstar® and certain BGx products.

YTD-21 vs YTD-20

For the nine-month period ended September 30, 2021 revenues increased by $40,877 or 28% compared to the same prior year period. On a constant currency basis, revenues increased by $45,880 or 33%. The growth in revenues on a constant currency basis is explained as following:

- An estimated increase in revenues of approximately $16,700 to $20,500 driven by the increased demand of certain of our infectious diseases products to treat invasive fungal infections associated with COVID-19. Of this amount, Knight estimates approximately $3,200 to $4,200 was not utilized during the nine-month period.
- An increase in revenues of $14,092 driven by the acquisition of Exelon®
- An increase in revenues of $13,523 or 63%, from $21,338 to $34,861 driven by the growth of our recently launched products, including, Cresemba®, Lenvima®, Halaven®, Nerlynx®, Trelstar® and certain BGx products.

Revenues by therapeutic area

The Company generated net revenues as follows by therapeutic area:

	Q3-21 *Excluding impact of IAS 29*	**Q3-20** *Excluding impact of IAS 29*	**Q3-20** *Constant Currency*	**Change**	
Therapeutic Area	**$**	**$**	**$**	**$[1]**	**%[2]**
Oncology/Hematology	**23,049**	19,887	**19,259**	3,790	20%
Infectious Diseases	**30,931**	19,304	**18,211**	12,720	70%
Other Specialty	**17,633**	6,656	**6,765**	10,868	161%
Total	**71,613**	45,847	**44,235**	27,378	62%

(In thousands of Canadian dollars, except for share and per share amounts)

	YTD Sept-2021 *Excluding impact of IAS 29*	YTD Sept-2020 *Excluding impact of IAS 29*	YTD Sept-2020 *Constant Currency*	Change	
Therapeutic Area	**$**	**$**	**$**	**$[1]**	**%[2]**
Oncology/Hematology	**65,545**	68,229	**63,842**	1,703	3%
Infectious Diseases	**81,439**	55,921	**50,556**	30,883	61%
Other Specialty	**35,896**	21,710	**22,602**	13,294	59%
Total	**182,880**	145,860	**137,000**	45,880	33%

[1] *A positive variance represents a positive impact to net income due to the application of IAS 29 and a negative variance represents a negative impact to net income due to the application of IAS 29*

[2] *Percentage change is presented in absolute values*

The increase in revenues in Oncology/Hematology is driven by the growth of our new product launches partially offset by the expiration of the distribution agreement for Abraxus® in Mexico. The increase in revenues in the infectious disease therapeutic area is driven by the increased demand of certain of our infectious disease products to treat invasive fungal infections associated with COVID-19 and growth of our recent product launches. The increase in revenues in the Other Specialty therapeutic area is driven by the acquisition of Exelon®.

Gross margin

Q3-21 vs Q3-20

- For the quarter ended September 30, 2021 gross margin increased from 43% to 51% explained by a change in product mix, lower inventory provision recorded in Q3-21 compared to Q3-20 offset by the re-negotiation of certain license agreements and the depreciation of the LATAM currencies.
- The gross margin would have been 54% versus 51% (Q3-20: 46% versus 43%) excluding the impact of IAS 29 ("Adjusted Gross Margin"). Refer to "Impact of Hyperinflation" above for further details.

YTD-21 vs YTD-20

- For the nine-month period ended September 30, 2021 gross margin increased from 43% to 47% explained by a change in product mix, lower inventory provision recorded in YTD-21 compared to YTD-20 partially offset by the re-negotiation of certain license agreements and the depreciation of the LATAM currencies.
- The gross margin would have been 49% versus 47% (YTD-20: 46% versus 43%) excluding the impact of IAS 29 ("Adjusted Gross Margin"). Refer to "Impact of Hyperinflation" above for further details.

Selling and marketing

Q3-21 vs Q3-20

- On a constant currency basis, S&M increased by $2,165 or 29%. Excluding, the allowance for ECL, S&M increased by $1,857 or 25% due to increase in certain variable costs such as logistics fees and compensation as well as an increase in selling and marketing activities related to product launches and Exelon®.

YTD-21 vs YTD-20

- On a constant currency basis, S&M increased by $646 or 3%. Excluding, the allowance for ECL, S&M increased by $3,153 or 12% due to increase in certain variable costs such as logistics fees and compensation as well as an increase in selling and marketing activities related to product launches and Exelon®.

(In thousands of Canadian dollars, except for share and per share amounts)

General and administrative	***Q3-21 vs Q3-20*** • On a constant currency basis, G&A decreased by $1,814 or 18%. Excluding the non-recurring costs including the Unified Tender Offer, G&A increased by $1,676 or 17%. The increase is driven by an increase in the variable compensation and certain professional fees. ***YTD-21 vs YTD-20*** • On a constant currency basis, G&A decreased by $1,612 or 6%. Excluding the non-recurring costs including the Unified Tender Offer, G&A increased by $2,860 or 11% driven by an expense of $1,210 related to the extension of expiry date of certain stock options held by certain executive officers, directors, variable compensation and certain professional fees.
Research and development expenses	***Q3-21 vs Q3-20*** • On a constant currency basis, R&D increased by $545 or 18%. The increase is driven by medical initiatives on the new products launches, an increase in headcount as well as variable compensation. ***YTD-21 vs YTD-20*** • On a constant currency basis, R&D increased by $997 or 12%. The increase is driven by medical initiatives on the new products launches, an increase in headcount structure as well as variable compensation.
Amortization of intangible assets	***Q3-21 vs Q3-20*** • For the quarter ended September 30, 2021, amortization of intangible assets increased by $5,496, or 96%, mainly explained by the amortization of Exelon® acquired during Q2-21 partially offset by the depreciation of LATAM currencies. ***YTD-21 vs YTD-20*** • For the for the period ended September 30, 2021, amortization of intangible assets increased by $6,590, or 38%, mainly explained by the amortization of Exelon® acquired during Q2-21 partially offset by the depreciation of LATAM currencies.
Interest income	***YTD-21 vs YTD-20 and Q3-21 vs Q3-20*** • Includes "Interest income on financial instruments measured at amortized cost" and "Other interest income". • Primarily from interest earned on loans, cash and cash equivalents, marketable securities and accretion on loans receivable. • Interest income for Q3-21 was $1,402 and YTD-21 $5,186, a decrease of 56% or $1,786 and 55% or $6,329 respectively, compared to the same period in prior year due to a decrease in interest rates, the average cash and marketable securities balances and a lower average loan balance.
Interest Expense	***Q3-21 vs Q3-20*** • Interest expense for the three-month period ended September 30, 2021 increased by $137 or by 17%, respectively, compared to the same period in prior year due to higher interest rates. Refer to Section 7 for further information on the bank loans. ***YTD-21 vs YTD-20*** • Interest expense for the nine-month period ended September 30, 2021 decreased by $783 or by 26%, respectively, compared to the same period in prior year due to a decrease in the average loan balance outstanding. Refer to Section 7 for further information on the bank loans.
Net gain or loss on financial assets measured at fair value through profit or loss	• As a result of the revaluation of financial assets measured at FVTPL. • Due to unrealized gains or losses on revaluation of the strategic fund investments. • Refer to Section 10 for further information.

(In thousands of Canadian dollars, except for share and per share amounts)

Realized gain on sale of asset held for sale	• As a result of the disposal of the shares of Medison in Q1-20 the Company recorded a gain of $2,948, representing the difference between the book value and the selling price of $77,000.
Realized gain on automatic share purchase plan	• The gain in Q3-20 and YTD-20 relates to the gain on the ASPP liability as the Company completed its NCIB purchases while in a blackout period at a lower price than expected. • Refer to Section 14 for further details.
Foreign exchange gain or loss	• The foreign exchange gain in Q3-21 is mainly driven by the appreciation of the USD and EUR currencies throughout the period. • YTD-20 foreign exchange loss is mainly driven by unrealized losses on intercompany balances. • In addition to the foreign exchange gain (loss) recorded in the consolidated statement of income (loss), the Company has recorded a gain of $6,671 and $362 for Q3-21 and YTD-21 respectively in the statement of OCI related to the revaluation of the Company's entities from their respective functional currencies to the CAD.
Gain on hyperinflation	• Relates to gain on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to "Impact of Hyperinflation" below for further details. • Refer to note 2.3 in the Annual Financial Statements for further details on hyperinflation accounting.
Income tax expense	• The income tax recovery for Q3-21 and YTD-21 is driven by the recognition of certain deferred tax assets due to timing differences related to certain intercompany transactions offset by the current tax expense in connection with the results of our operations. • The income tax recovery for Q3-20 is due to losses on the settlement of the foreign exchange contracts. • The deferred income tax recovery for YTD-20 is mainly due to reduction of deferred tax liability recorded on the definite-life intangible assets acquired as part of the GBT Transaction offset by current income tax expense.

Non-IFRS measures

The Company discloses non-IFRS measures that do not have standardized meanings prescribed by IFRS. The Company believes that shareholders, investment analysts and other readers find such measures helpful in understanding the Company's financial performance and in interpreting the effect of the GBT Transaction on the Company. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and may not have been calculated in the same way as similarly named financial measures presented by other companies.

The Company uses the following non-IFRS measures:

Financial results at constant currency: Financial results at constant currency are obtained by translating the prior period results from the functional currencies to CAD using the conversion rates in effect during the current period. Furthermore, with respect to Argentina, the Company excludes the impact of hyperinflation and translates the results at the average exchange rate in effect for each of the periods.

Financial results at constant currency allow results to be viewed without the impact of fluctuations in foreign currency exchange rates thereby facilitating the comparison of results period over period. The presentation of results under constant currency is considered to be a non-GAAP measure and does not have any standardized meaning under GAAP. As a result, the information presented may not be comparable to similar measures presented by other companies.

(In thousands of Canadian dollars, except for share and per share amounts)

EBITDA: Operating income or loss adjusted to exclude amortization and impairment of intangible assets, depreciation, purchase price accounting adjustments, and the impact of IAS 29 (accounting under hyperinflation) but to include costs related to leases. In addition, EBITDA does not reflect the portion of GBT's results attributable to the non-controlling interests.

Adjusted EBITDA: EBITDA adjusted for acquisition costs and non-recurring expenses.

Explanation of adjustments

Acquisition costs	Acquisition and transaction costs relate to costs incurred on legal, consulting and advisory fees for the acquisition of GBT and the acquisition of products. • During the nine-month period ended September 30, 2021 the Company incurred expenses of $432 related to acquisition of Exelon® (Q3-21: Nil). • During the three-month and nine-month periods ended September 30, 2020 the Company incurred expenses of $3,490 and $3,810, respectively, related to legal and consulting fees due to the acquisition of GBT.
Other non-recurring expenses	Other non-recurring expenses relate to expenses incurred by the Company that are not due to, and are not expected to occur in, the ordinary course of business. For the nine-month period ended September 30, 2021, the Company incurred one-time costs of $113 (Q3-21: Nil) related to restructuring activities including severance to certain employees as part of restructuring and integration of GBT. For the three-month and nine-month periods ended September 30, 2020, the Company incurred one-time costs of $2,663 and $595 respectively, explained as follows: • $1,151 (Q3-20: $595) related to restructuring activities including severance to certain employees as part of restructuring and integration of GBT. • $874 (Q3-20: Nil) related to inventory destroyed due to a temperature excursion during transportation. The Company has initiated insurance claims for the loss and due to its contingent nature, the claim has not been recorded. • $638 (Q3-20: Nil) related to a bad debt against accounts receivable.

For the three-month and nine-month periods ended September 30, 2021, the Company calculated EBITDA and adjusted EBITDA as follows:

			Change				Change	
	Q3-21	Q3-20	**$[1]**	**%[2]**	**YTD-21**	YTD-20	**$[1]**	**%[2]**
Operating income (loss)	**4,021**	(7,735)	11,756	152%	**1,802**	(18,303)	20,105	110%
Adjustments to operating income (loss):								
Amortization of intangible assets	**11,199**	5,703	5,496	96%	**24,136**	17,546	6,590	38%
Depreciation of property, plant and equipment and ROU assets	**1,796**	1,382	414	30%	**4,778**	4,916	(138)	3%
Lease costs (IFRS 16 adjustment)	**(744)**	(820)	76	9%	**(2,141)**	(2,405)	264	11%
Impact of PPA accounting	—	—	—	0%	**—**	865	(865)	100%
Impact of IAS 29	**1,062**	1,601	(539)	34%	**3,189**	5,973	(2,784)	47%
EBITDA	**17,334**	131	17,203	13,132%	**31,764**	8,592	23,172	270%
Acquisition and transaction costs	—	3,490	(3,490)	100%	**432**	3,810	(3,378)	89%
Other non-recurring expenses	—	595	(595)	100%	**113**	2,663	(2,550)	96%
Adjusted EBITDA[3]	**17,334**	4,216	13,118	311%	**32,309**	15,065	17,244	114%

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss)
[2] Percentage change is presented in absolute values
[3] EBITDA and adjusted EBITDA are non-IFRS measures, refer to section "Non-IFRS measures" for additional details

(In thousands of Canadian dollars, except for share and per share amounts)

Adjusted EBITDA Q3-21 vs Q3-20

For the quarter ended September 30, 2021 adjusted EBITDA increased by $13,118 or 311% and on a constant currency basis by $13,637 or 369%, compared to Q3-20. The growth in adjusted EBITDA is driven by an increase in gross margin of $17,901 offset by an increase in operating expenses adjusted for acquisition and transaction costs as well as non-recurring expenses.

Adjusted EBITDA YTD-21 vs YTD-20

For the nine-month period ended September 30, 2021 adjusted EBITDA increased by $17,244 or 114% and on a constant currency basis by $19,828 or 159%, compared to the same prior year period. The growth in adjusted EBITDA is driven by an increase in gross margin of $25,358 due to the increase in revenues offset by an increase in operating expenses adjusted for acquisition and transaction costs as well as non-recurring expenses.

FINANCIAL CONDITION

Section 5 – Consolidated Balance Sheets

Impact of LATAM Foreign Exchange volatility

The following table represents the quarter end closing rates used by Knight to convert the assets and liabilities on the balance sheet at the end of each reporting period. During 2021, the depreciation of the LATAM currencies led to a loss on translation of the Company's subsidiaries which is reflected in the statement of comprehensive income.

Rates	Q3-21	Q2-21	Q1-21	Q4-20
BRL	4.25	4.03	4.52	4.08
ARS	77.65	77.18	73.05	66.02
COP	3,012	3,040	2,950	2,710
CLP	638	589	576	561

The below table summarizes the variances quarter over quarter for selected LATAM currencies:

Variance (%)[1]	Q3-21	Q2-21	Q1-21
BRL	-5%	11%	-11%
ARS	-1%	-6%	-11%
COP	1%	-3%	-9%
CLP	-8%	-2%	-3%

[1]Negative percentage represents a depreciation of the currency while a positive variance represents an appreciation of the currency

(In thousands of Canadian dollars, except for share and per share amounts)

Balance Sheets

			Change	
	09-30-21	12-31-20	**$**	**%[1]**
ASSETS				
Current				
Cash and cash equivalents	**92,490**	229,592	(137,102)	60%
Marketable securities	**63,539**	147,316	(83,777)	57%
Trade receivables	**69,003**	62,515	6,488	10%
Other receivables	**21,356**	12,413	8,943	72%
Inventories	**74,912**	56,505	18,407	33%
Prepaids and deposits	**2,840**	2,214	626	28%
Other current financial assets	**13,878**	34,431	(20,553)	60%
Income taxes receivable	**5,052**	7,115	(2,063)	29%
Total current assets	**343,070**	552,101	(209,031)	38%
Marketable securities	—	15,317	(15,317)	100%
Prepaids and deposits	**3,443**	4,208	(765)	18%
Right-of-use assets	**3,861**	4,035	(174)	4%
Property, plant and equipment	**24,142**	22,127	2,015	9%
Investment properties	**1,385**	1,539	(154)	10%
Intangible assets	**359,432**	156,547	202,885	130%
Goodwill	**75,999**	77,725	(1,726)	2%
Other financial assets	**175,865**	159,524	16,341	10%
Deferred income tax assets	**4,295**	2,432	1,863	77%
Other long-term receivables	**43,706**	41,582	2,124	5%
	692,128	485,036	207,092	43%
Assets held for sale	**2,416**	2,539	(123)	5%
Total assets	**1,037,614**	1,039,676	(2,062)	0%

[1] *Percentage change is presented in absolute values*

(In thousands of Canadian dollars, except for share and per share amounts)

			Change	
	09-30-21	12-31-20	**$**	**%[1]**
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities	**76,792**	44,512	32,280	73%
Lease liabilities	**1,472**	1,875	(403)	21%
Other liabilities	**2,040**	1,291	749	58%
Bank loans	**36,328**	51,770	(15,442)	30%
Income taxes payable	**11,389**	13,559	(2,170)	16%
Other balances payable	**4,532**	1,053	3,479	330%
Total current liabilities	**132,553**	114,060	18,493	16%
Accounts payable and accrued liabilities	**248**	316	(68)	22%
Lease liabilities	**2,718**	2,543	175	7%
Other balances payable	**11,208**	14,900	(3,692)	25%
Deferred income tax liabilities	**18,290**	21,616	(3,326)	15%
Total liabilities	**165,017**	153,435	11,582	8%
Shareholders' Equity				
Share capital	**652,681**	694,351	(41,670)	6%
Warrants	**117**	117	—	0%
Contributed surplus	**21,470**	18,731	2,739	15%
Accumulated other comprehensive loss	**(1,202)**	(1,503)	301	20%
Retained earnings	**199,531**	174,545	24,986	14%
Total shareholders' equity	**872,597**	886,241	(13,644)	2%
Total liabilities and shareholders' equity	**1,037,614**	1,039,676	(2,062)	0%

[1] *Percentage change is presented in absolute values*

(In thousands of Canadian dollars, except for share and per share amounts)

	09-30-21 vs 12-31-20
Cash and cash equivalents and marketable securities (current and long term)	• Refer to Section 7 – Liquidity and Capital Resources for further information.
Trade receivables	• Trade receivables increased by $6,488, or 10% mainly due to the growth in revenues offset by $3,716 depreciation of currencies in select LATAM countries.
Other receivables (current)	• Other receivables increased by $8,943, or 72% mainly due to a distribution receivable from strategic funds investments of $14,203 and offset by a decrease of $5,260 as a result of lower interest and certain other receivable balances. • Refer to note 6 in the Interim Financial Statements for further details.
Inventories	• Inventories increased by $18,407, or 33% mainly due to net inventory purchases driven by the demand of certain of our infectious diseases products.
Other financial assets (current and long term)	Other financial assets decreased by $4,212, or 2%, explained by the following: **Loans and other receivables:** No significant increase. **Equity investments and Derivatives:** decrease of $2,917 or 30% driven by the disposal of equity investments during the period, partially offset by the revaluation of equity investments and derivatives. Refer to note 9 in the Interim Financial Statements for further information. **Funds:** decrease of $832 due to favourable mark-to-market adjustments of $17,063, capital calls of $10,963, offset by distributions received and receivable of $27,615 and foreign exchange losses of $1,243. Refer to Section 10 for further information on Knight's strategic investments.
Income tax receivable	• Decrease relates to timing of income tax installments and receipt of certain tax refunds.
Intangible assets	• Increase mainly due to $217,331 related to the acquisition of Exelon® partially offset by the depreciation of the LATAM currencies during the period and amortization of intangible assets.
Goodwill	• Decrease due to the depreciation of the LATAM currencies during the period.
Accounts payable and accrued liabilities (current and long term)	• Increase in accounts payable and accrued liabilities balance by $32,212, or 72%, mainly driven by the following: o Increase of $22,563 relating to purchase of inventory driven by the growth in demand of certain of our infectious diseases products. o The remainder of the increase is related to the timing of accruals, payments and purchases.
Deferred income tax asset	• Increase mainly due to recognition of deferred tax asset due to the operating results.
Other receivables (long-term)	• Increase due to a Canadian tax receivable in respect of a federal notice of reassessment for a previous taxation year against which the Company will file a notice of objection.

	09-30-21 vs 12-31-20
Bank loans (current and long term)	• Decrease of $15,442 or 30% mainly due to loan repayments of $14,911 and a decrease due to foreign exchange revaluation of $2,862 and partially offset by an overdraft increase of $2,325. • For further details on the bank loans held by GBT, refer to Section 7.
Income tax payable	• Decrease is mainly explained by payment of taxes.
Other balances payable (current and long term)	• No significant variance.
Deferred income tax liability	• Decrease is mainly explained by the change in temporary difference related to inventories.
Share capital	• Decrease due to the purchase of Knight's common shares though the NCIB. • Refer to note 13 (iii) in the Interim Financial Statements for further information.
Contributed surplus	• Increase related to share-based compensation expense. • Refer to the statement of changes in equity and note 13 (ii) in the Interim Financial Statements for further information.
Accumulated other comprehensive loss	• Refer to the statement of changes in shareholders' equity in the Interim Financial Statements for further information.
Retained earnings	• Increase due to net income generated and common shares purchased through the NCIB. • Refer to the interim consolidated statement of changes in equity in the Interim Financial Statements for further information.

(In thousands of Canadian dollars, except for share and per share amounts)

Section 6 – Notices of Reassessment

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.

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 will file a notice of appeal to the Tax Court of Canada.

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.

Section 7 – Liquidity and Capital Resources

The Company's Investment Policy governs the investment activities relating to cash resources. An Investment Committee composed of representatives from management and the Board of Directors monitors compliance with said policy. The Company invests in strategic investments in the form of equity funds, debt funds, equity or liquid investment securities with varying terms to maturity, selected with regard to the expected timing of investments and expenditures for continuing operations and prevailing interest rates.

The Company believes that its existing cash, cash equivalents and marketable securities as well as cash generated from operations are sufficient to finance its current operations, working capital requirements and future product and corporate acquisitions. The table below sets forth a summary of cash flow activity and should be read in conjunction with our consolidated statements of cash flows.

			Change		YTD		Change	
	Q3-21	Q3-20	**$**	**%**[1]	**2021**	2020	**$**	**%**[1]
Net cash from operating activities	**10,321**	(8,412)	18,733	223%	**39,937**	(16,502)	56,439	342%
Net cash from investing activities	**(5,710)**	(128,235)	122,525	96%	**(114,748)**	93,153	(207,901)	223%
Net cash from financing activities	**(16,207)**	(5,148)	(11,059)	215%	**(55,424)**	(33,858)	(21,566)	64%
Increase in cash and cash equivalents during the period	**(11,596)**	(141,795)	130,199	92%	**(130,235)**	42,793	(173,028)	404%
Net foreign exchange difference	**1,504**	293	1,211	413%	**(6,867)**	1,030	(7,897)	767%
Cash, cash equivalents and restricted cash beginning of the period	**102,582**	359,593	(257,011)	71%	**229,592**	174,268	55,324	32%
Cash, cash equivalents and restricted cash, end of the period	**92,490**	218,091	(125,601)	58%	**92,490**	218,091	(125,601)	58%
Marketable securities, end of the period	**63,539**	174,261	(110,722)	64%	**63,539**	174,261	(110,722)	64%
Cash, cash equivalents, restricted cash, and marketable securities, end of the period	**156,029**	392,352	(236,323)	60%	**156,029**	392,353	(236,324)	60%
Cash, cash equivalents and restricted cash, net of bank loans	**56,162**	174,684	(118,522)	68%	**56,162**	174,684	(118,522)	68%

[1] *Percentage change is presented in absolute values*

(In thousands of Canadian dollars, except for share and per share amounts)

	Q3-21	YTD-21
Net cash from operating activities	Primarily relates to cash generated through revenues, dividends from associates and interest received, offset by operating expenses including salaries, research and development expenses, advertising and promotion costs, interest paid and other corporate expenses. Cash flows from operating activities exclude revenues and expenses not affecting cash, such as unrealized and realized gains or losses on financial assets, share based compensation expense, depreciation and amortization, foreign exchange gains or losses, hyperinflation losses, share of net income and dividends from associate, other income, deferred other income, and net changes in non-cash balances relating to operations. For the three-month period ended September 30, 2021, cash inflow from operations was $10,321 driven by the operating income adjusted for non-cash items such as depreciation and amortization offset by an increase in working capital of $7,580. The increase in working capital is driven by higher purchases of certain infectious disease products as a result of higher demand for use in the treatment of complications associated with Covid-19.	For the nine-month period ended September 30, 2021, cash inflow from operations was $39,937 driven by the operating income adjusted for non-cash items such as depreciation and amortization and a decrease in working capital of $4,089 as a result of controls implemented in 2020 on inventory management and collection of receivables. Furthermore, the net cash from operating activities included an inflow of $7,774 related to net interest received mainly driven by the timing of maturity of marketable securities. For further details refer to consolidated statement of cash flows and note 17 in the Interim Financial Statements.
Net cash from investing activities	For the three-month period ended September 30, 2021, cash flows were mainly driven by: • distributions from life sciences funds of $2,042 offset by investment in funds of $5,359; • acquisition of intangibles and property and equipment of $2,393.	For the nine-month period ended September 30, 2021, cash flows were mainly driven by: • Net proceeds on marketable securities of $99,001; • net proceeds from disposals of equity investments of $2,624; • proceeds from loan receivables of $2,494; • acquisition of intangibles and property and equipment of $221,316, and • distributions from life sciences funds of $13,412 offset by investment in funds of $10,963;
Net cash from financing activities	Cash flows from financing activities were mainly due to the repurchase of common shares through the NCIB, principal repayments on bank loans, principal repayments on lease liabilities, proceeds from bank loans and proceeds from the participation of employees and directors in the Company's share purchase plan.	

(In thousands of Canadian dollars, except for share and per share amounts)

The Company had the following indebtedness as at the end of the following periods:

					September 30, 2021	December 31, 2020
	Currency of debt	Interest rate	Effective annual interest rate	Maturity	Current $	Current $
Banks						
Itaú Unibanco	BRL	1.65% +100% CDI	5.01%	December 8, 2023	**19,705**	24,167
Banco Santander	BRL	2.00% +100% CDI	5.35%	December 13, 2021	**1,863**	3,815
Banco Santander	BRL	1.49% +100% CDI	3.24%	March 4, 2021	—	10,111
Bancolombia	COP	2.10% + IBR	3.94%	December 14, 2021	**12,435**	13,677
Banco ICBC Overdraft	ARS	42%[1]	N/A	N/A	**835**	—
Banco ICBC Overdraft	ARS	40%[2]	N/A	N/A	**1,490**	—
Total Bank Loans					**36,328**	51,770

[1] Fixed rate renewed monthly
[2] Fixed rate renewed daily

Subsequent to September 30, 2021 Knight re-financed Bancolombia loan at the interest rate of 2.28% + IBR extending maturity date from December 14, 2021 to October 26, 2026. The principal and interest on the loan is repayable on a semi-annual basis starting in April 2022.

PRODUCT ACQUISITION STRATEGY

Section 8 – Products

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.

Knight expects to expand its product portfolio within existing therapeutic fields in Canada and LATAM, 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 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 the quarter, is an example of the execution of this strategy. 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.

3. Development of branded generic products

Through the GBT acquisition, the Company'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. In addition, the Company is working on optimizing its development efforts and capabilities to allow it to access larger opportunities for LATAM.

Prescription Pharmaceutical Products

The Company has a pipeline of products in the process of being submitted for regulatory approval, in pre-commercialization and at its early stages of commercialization. Such activities require substantial financial investment therefore it is expected that the Company's selling and marketing, and research and development expenses will increase. The following summarizes certain products from Knight's product portfolio.

Prescription Pharmaceutical Products

PRODUCT	INDICATION[1]	TERRITORY						PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Oncology/Hematology								
Nerlynx®	Adjuvant breast cancer	Launched						Puma
Nerlynx®	Metastatic breast cancer	Launched						Puma
Tafasitamab	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)[2]		Pre-registration	Pre-registration	Pre-registration	Pre-registration	Pre-registration	Incyte
Pemigatinib	Metastatic cholangiocarcinoma[2]		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, and metastatic breast		Launched					Celgene (BMS)
Halaven ®	Metastatic breast cancer		Marketed	Launched	Submitted		Launched	Eisai
Halaven ®	Soft tissue sarcoma		Launched	Launched	Submitted		Launched	Eisai
Lenvima®	Differentiated thyroid cancer, Advanced renal cell cancer, and Unresectable		Marketed	Launched	Submitted		Launched	Eisai
BGa								
Ladevina®	Multiple myeloma			Marketed	Launched		Marketed	Own
Zyvalix®	Metastatic prostate			Marketed	Launched		Marketed	Own
Karfib®	Relapsed or refractory multiple myeloma			Launched				Own
Leprid®	Palliative treatment of advanced prostate			Marketed				Own
Infectious Diseases								
Ambisome®	Fungal infection		Marketed				Launched	Gilead
Cresemba®	Fungal infection		Launched	Launched	Launched	Launched	Launched	Basilea
Impavido®	Leishmaniasis						Launched	Own
Other Specialty								
Exelon®	Symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease	Marketed	Marketed	Marketed	Marketed	Marketed	Marketed	Own
Ibsrela™[1]	IBS-C	Launched						Ardelyx
Salofalk®	Ulcerative colitis				Marketed		Marketed	Dr. Falk
Ursofalk®	Primary biliary cirrhosis			Marketed	Marketed		Marketed	Dr. Falk
Imvexxy™[1]	Moderate-to-severe dyspareunia	Approved						TXMD
Bijuva™[1]	Moderate-to-severe vasomotor symptoms due to menopause	Approved						TXMD
BGa								
Fibridoner®	Idiopathic pulmonary fibrosis			Marketed				Own
Toliscrin®	Pseudomonas aeruginosa lung infection in patients with cystic fibrosis			Marketed			Marketed	Own
Toliscrin®	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 further details on the indication in the "Products" section below

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 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%[3] 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[1,4].

Knight expects to submit tafasitamab and pemigatinib in key LATAM countries in the second half of 2022.

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 adult patients with early stage 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 insurance 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.

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 $773 and $1,989 for the three-months and nine-months ended September 30, 2021 which represents a growth of 45% and 39% compared to the same prior year periods.

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[1] Globocan 2020
[2] Li S et al. Pathology. 2018 Jan;50(1):74-87.
[3] Jain A et al. JCO Precision Oncology 2018 :2, 1-12
[4] Lafaro KJ et al. Gastroenterol Res Pract. 2015;2015:860861.

Vidaza® and Vidaza® Gx

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. GBT holds the rights to commercialize the product in Brazil. In addition, GBT also holds the rights to a Vidaza® Gx, which was launched in 2019. The distribution agreement with BMS 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. GBT holds the rights to commercialize the product in Brazil. The distribution agreement to commercialize Abraxane® in Brazil was renewed in 2021. The Company previously held the rights to commercialize the product in Mexico, which terminated on August 17, 2020.

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 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 GBT holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico. Halaven is pending approval in Colombia, Bolivia, Paraguay and Uruguay. The Company expects to launch Halaven® in Colombia in early 2022.

Lenvima®

Lenvima® (lenvatinib) is indicated for (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, (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 GBT holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico. Lenvima® is pending approval in Colombia, Bolivia, Paraguay and Uruguay. The Company expects to launch Lenvima® in Colombia in early 2022.

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, (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, 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 GBT'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 for the treatment of castration-resistant metastatic prostate carcinoma and castration sensitive high-risk metastatic prostate carcinoma. Zyvalix® is part of GBT's proprietary branded generic portfolio and is commercialized in Argentina, Chile, Colombia, Peru, and Bolivia.

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 GBT'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 GBT's proprietary branded generic portfolio and is currently marketed in Argentina.

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 in HIV infected patients, (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 GBT's Brazilian affiliate's portfolio for over twenty years. GBT 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 s an azole antifungal agent indicated for use in adults for the treatment of invasive aspergillosis and invasive mucormycosis. Cresemba® is licensed from Basilea Pharmaceutica Ltd, and GBT holds the rights to commercialize the product in Latin America. Cresemba® is commercialized in Argentina, Colombia, Mexico, Chile, Peru, and was launched in Brazil in Q1-20.

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 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.

Ibsrela™

On March 16, 2018, Knight entered into an exclusive licensing agreement with Ardelyx to commercialize Ibsrela™ 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.

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 GBT holds the rights to commercialize the product in Colombia, Argentina and Peru.

Ursofalk™

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

(In thousands of Canadian dollars, except for share and per share amounts)

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 GBT'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 GBT's proprietary branded generic portfolio.

Section 9 – Strategic Lending

Knight finances other life sciences companies in all geographic markets with the goal of strengthening relationships in the life sciences industry and securing product distribution rights for Canada 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.

	Nominal loan balance as at September 30, 2021	
Entity	**In Source Currency**	**In CAD[1]**
Moksha8	US$11,993	$15,280
Synergy	US$5,500	$7,008
60P[2]	US$6,310	$8,040
Other strategic loan	US$2,771	$3,531
Total		**$33,859**

[1] Converted at the Bank of Canada closing exchange rates on September 30, 2021
[2] Excludes 60P Convertible Debenture received as consideration for loans issued to 60P

As at September 30, 2021, the nominal loan balance outstanding was $33,858 [US$26,574 (December 31, 2020: $36,338 [US$28,541]). The following table summarizes the movement in loans and other receivables during the nine-month period ended September 30, 2021.

	Carrying value as at January 1 $	**Additions $**	**Loan repayments $**	**Net loss on FA[1] $**	**Foreign exchange[2,3] $**	**Carrying value end of period $**	**Current other financial assets $**	**Non-current other financial assets $**
Amortized Cost	8,847	35	(2,494)	—	(38)	6,350	2,561	3,789
FVTPL	24,261	2,108	—	33	52	26,454	7,548	18,906
Total	**33,108**	**2,143**	**(2,494)**	**33**	**14**	**32,804**	**10,109**	**22,695**

[1] Net changes related to change in the fair value of loan receivables and recognition of day 1 gains
[2] During the three-months period ended September 30, 2021, recorded a gain of $632 in the statement of income (loss) in "Foreign exchange loss (gain)" (2020: loss of $472) and a gain of $236 in the statement of other comprehensive (loss) income in "Unrealized income (loss) on translation of foreign operations" (2020: loss of $228)
[3] During the nine-month period ended September 30, 2021, recorded a gain of $59 in the statement of income (loss) in "Foreign exchange loss" (2020: gain of $788) and a loss of $45 in the statement of other comprehensive (loss) income in "Unrealized gain (loss) on translation of foreign operations" (2020: gain of $95)

(In thousands of Canadian dollars, except for share and per share amounts)

Section 10 – Strategic Investments

Fund Investments

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 $24,845 remains committed as at September 30, 2021. To date, the investments in venture capital funds have led to the Canadian in-license of Iluvien® from Alimera and a portfolio of products from Advaxis. Knight does not expect to invest in additional venture capital funds.

	Fund Commitments	
Entity	**In Source Currency**	**In CAD[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 date (using the September 30, 2021 closing rates total fund commitment would be $134,557)
[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

Since the inception of the strategic fund investments, the Company invested $141,726 and received distributions of $115,168 on which a gain of $54,033 was realized. Furthermore, as at September 30, 2021, the fund investments were recorded at their fair value of $148,904 including a cumulative unrealized gain of $68,314. The following table summarizes the movement in fund investments during the nine-month period ended September 30:

	Carrying value as at January 1 $	Additions[1] $	Distributions[2,3] $	Net (loss) gain on FA $	Foreign exchange [4,5] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2021	**149,736**	**10,963**	**(27,615)**	**17,063**	**(1,243)**	**148,904**	—	**148,904**

[1] Investments in equity or debt funds including US$2,875 and EUR 1,771 (2020: including US$4,125 and EUR 1,766)
[2] Distributions received from funds including US$12,297 and EUR 1,090 (2020: including US$4,338 and EUR 7,804)
[3] Includes distribution receivable of $14,203 (2020: $1,545), including $12,297 (US$8,157) final distribution from New Emerging Medical Opportunities Fund II Ltd. following its liquidation
[4]During the three-month period ended September 30, 2021, recorded a loss of $502 in the statement of income in "Foreign exchange loss (gain)" (2020: gain of $1,344) and a gain of $3,463 in the statement of other comprehensive income in "Unrealized income (loss) on translation of foreign operations" (2020: loss of $1,923)
[5] During the nine-month period ended September 30, 2021, recorded a loss of $2,763 in the statement of income in "Foreign exchange loss" (2020: gain of $2,126) and a gain of $1,520 in the statement of other comprehensive (loss) income in "Unrealized income (loss) on translation of foreign operations" (2020: gain of $1,940)

Sectoral Asset Management

As at September 30, 2021 NEMO II managed by Sectoral Asset Management ("Sectoral") was liquidated following the sale of the shares of Atea Pharmaceuticals Inc. ("Atea"). Knight has recorded a cumulative net gain of $9,580 in connection with Sectoral's investment in Atea. The final distribution receivable from Nemo II of $12,297 (US$8,157) was reclassified from financial assets to other accounts receivable. Subsequent to the quarter, Knight received $9,243 (US$7,461).

Domain Associates LLC

On May 26, 2021 Singular Genomics Systems, Inc. ("SGS"), an investment held within Domain Associated LLC ("Domain"), announced the closing of its initial public offering at a public offering price of USD 22 per share. The shares held by Domain are subject to a 180-day lockup period. Due to the volatility of the share price of SGS, the Company recorded an unrealized loss of $20,402 [USD 16,191] and an unrealized gain of $10,120 [USD 8,435] during the three-month and nine-month periods ended September 30, 2021, respectively. Knight has recorded a life to date unrealized gain of $12,929 in connection with SGS.

Other investments

Medexus

During the three-month period ended March 31, 2021, Knight sold 315,600 common shares of Medexus for total proceeds of $2,624 realizing a gain of $1,639. The common shares were acquired by Knight at an average cost of $3.12 per share.

For additional details regarding the movement in equities or derivatives held by Knight throughout the quarter, refer to note 8 "Other Financial Assets" of the Interim Financial Statements.

Section 11 – Rest of World Strategy

Knight's international strategy is focused on identifying potential products and companies that fit within its existing business model, but that are located in select areas such as Latin America, Middle East, Israel, Australia, Romania, Russia, Sub-Saharan Africa, and other countries excluding the U.S., Western Europe, Japan and China. Knight believes Latin America and the other countries where it wants to grow internationally provide potentially significant growth and value opportunities.

RISK MANAGEMENT

Section 12

12.1 Currency Risk

GBT Transaction

Effective November 29, 2019, upon close of the GBT Transaction, the Company has significant exposure to foreign currencies of emerging markets in Latin America. GBT generates a significant portion of its revenues in BRL, ARS and COP as well as a basket of other Latin American currencies (BOB, MXN, PEN, PYG, UYU and CLP). Such currencies have been historically volatile and could create significant fluctuations on the Company's result when translated to CAD. Furthermore, GBT is exposed to a currency mismatch due to certain pharmaceutical products, active pharmaceutical ingredient and operating costs denominated in currencies of developed markets (CHF, USD, EUR). The currency mismatch exposes GBT to foreign exchange risks which could result in significant fluctuations of the Company's gross margin or net income.

(In thousands of Canadian dollars, except for share and per share amounts)

Currency risks in net financial assets

Knight holds a significant portion of its net financial assets in USD, EUR, BRL, CLP and ARS which results in financial risk due to fluctuations in the value of the currencies relative to the Canadian dollar.

The Company has subsidiaries throughout LATAM whose functional currencies differ from the CAD. Knight does not believe that the foreign exchange impact in the consolidated statement of income represents its full currency exposure. The below analysis excludes intercompany balances but includes balances that get revaluated to CAD through other comprehensive income. Assuming all other variables remain constant, a 5% change, would result in a change in the consolidated statement of income or statement of other comprehensive income as follows:

	$
Foreign Exchange Risk (5% change)	
USD	**3,571**
EUR	**1,604**
BRL	**925**
CLP	**238**
ARS	**67**

12.2 Equity Price Risk

Equity price risk arises from changes in market prices of the equity and fund investments and derivatives. The carrying value of investments subject to equity price risk are $156,939 as at September 30, 2021 (December 31, 2020: $160,847). The Company monitors its equity investments for impairment on a periodic basis and at least 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. For example, during the quarter ended September 30, 2021, the Company recorded an unrealized loss of $20,629, as a result of the share price decrease of Singular Genomics Systems, Inc. ("SGS"), an investment held within Domain Associated LLC. Should the share price of SGS remain at this level, the Company would record a life to date unrealized gain of approximately $12,929 [USD 10,550] on this investment. Refer to Section 10 for further information. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company's Board of Directors regularly reviews and approves equity investment decisions.

12.3 Interest Rate Risk

The Company is subject to interest rate risk on the interest income generated on its cash, cash equivalents and marketable securities. Details regarding maturity dates and effective interest rates are described in note 4 of the Interim Financial Statement. Assuming that all other variables remain constant, a 1% decline on the interest rate generated on cash, cash equivalents and marketable securities would have resulted in a reduction of interest income of $1,560 over a one-year period.

In connection with debt held in GBT, the Company is exposed to interest rate risks arising from its loans with Itaú Brazil, Santander Brazil and Bancolombia. Details regarding maturity dates and effective interest rates are described in Section 7. The loans have a variable interest rate that fluctuates with the CDI rates. The applicable CDI is the average of the CDI rates applicable during each interest period and therefore the accrued interest at year end with the loans are not exposed to any changes related to variation of the respective floating rates. Assuming that all other variables remain constant, a 1% increase on the interest rate would have resulted in an increase of interest expense of $363 over a one-year period. During 2021, the CDI rate in Brazil increased multiple times from 1.90% to 7.65% in November 2021. As a result, the effective annual interest rate on the Itaú Unibanco and Banco Santander loans are expected to be higher during Q4-21.

12.4 Liquidity Risk

The Company generates sufficient cash from operating activities to fulfill its obligations as they become due. The Company has sufficient funds available through its cash, cash equivalents and marketable securities should its cash requirements exceed cash generated from operations to cover all financial liability obligations. Periodically, the Company forecasts their projected cash flows both at the subsidiary and consolidated level. If any issues are identified, the corporate teams work with the local teams to provide liquidity support. The Company negotiates lines of credit with global and regional banks to diversify its options and ensure competitive financing rates.

As at September 30, 2021, there were no restrictions on the flow of these funds nor have any of these funds been committed in any way, except as set out in note 19 of the Interim Financial Statements.

12.5 Credit Risk

The Company considers its maximum credit risk to be $270,632 (December 31, 2020: $254,324) which is the total of the following assets: trade and accounts receivable, other receivable, interest receivable, loans receivable and investment in funds.

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:

- two Canadian financial institutions
- three Canadian credit unions

The Company is exposed to credit risk from its customers and continually monitors its customers' credit. 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 Company establishes the ECL based upon days past due and the likelihood of collection for each customer.

The credit risk on loans and interest receivable is due to the risk of insolvency or operational failure of the partners in the strategic lending transaction. The Company has assessed that loans measured at FVTPL have S&P credit ratings between CCC+ and CC. The Company also has a credit risk on its investment in funds and derivatives which are held through venture funds or issued by a counterparty.

12.6 COVID-19 Risk

The COVID-19 pandemic continues to present a substantial global public health and economic challenge. A public health pandemic, including COVID-19, poses the risk that the Company and its employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to reoccurring shutdowns that may be requested or mandated by governmental authorities. Certain countries where the Company has significant operations, continue to require entities to limit or suspend business operations and have implemented travel restrictions and quarantine measures.

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. 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.

In 2021, 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. In particular, certain countries within Latin America are continuing to be significantly impacted. We are unable to predict how widely utilized the vaccines will be, whether they will be effective in preventing the spread of COVID-19 (including its variant strains), and when or if normal economic activity and business operations will fully resume. Furthermore, even as vaccines roll out, the Company continues to see significant variability of vaccination levels throughout its territories from greater than 70% of population fully vaccinated in markets such as Chile and Canada and less than 50% of population fully vaccinated in markets such as Colombia and Mexico. 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 Interim 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 the first nine-months of 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 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 is developing 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.

12.7 Emerging Market Risk

The Company is exposed to additional risks related to investing and operating in international locations including emerging markets. Operating in such markets carries substantial inherent financial, legal and political risks. If Knight cannot integrate its acquisition successfully, these changes could have a material adverse effect on the business, financial condition, results of operations and cash flows. In addition, operating 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.

12.8 Risk Factors

For a detailed discussion of additional risk factors, please refer to the Company's latest Annual Information Form on SEDAR at www.sedar.com.

(In thousands of Canadian dollars, except for share and per share amounts)

ADDITIONAL INFORMATION

Section 13 – Selected Quarterly Financial Information

	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19
Revenues	**73,340**	**65,796**	46,069	55,191	45,239	53,250	45,839	37,271
Net (loss) income	**(8,586)**	**29,004**	3,558	8,233	17,492	15,512	(9,477)	(3,153)
Adjusted EBITDA	**17,334**	**9,396**	5,580	1,771	4,216	7,653	3,197	6,180
EPS								
Basic	**(0.07)**	**0.23**	0.03	0.06	0.14	0.13	(0.01)	(0.05)
Diluted	**(0.07)**	**0.23**	0.03	0.06	0.14	0.13	(0.01)	(0.05)
Cash, cash equivalents and marketable securities	**156,029**	**166,121**	382,381	392,225	392,352	566,837	592,578	536,182
Total assets	**1,037,614**	**1,043,647**	1,000,795	1,039,676	1,013,963	1,224,748	1,267,135	1,305,303
Total non-current liabilities	**32,464**	**36,434**	35,375	39,375	32,710	33,754	34,304	39,393

Section 14 – Outstanding Share Data

The table below summarizes the share data:

As at	November 10, 2021	September 30, 2021
Common Shares	122,073,195[1]	122,241,870
Stock Options	5,186,179	5,224,824
RSUs	93,867	98,823
PSUs	206,555	211,511
DSUs	29,205	29,205
Warrants	174,228	174,228

[1] *Excludes 841,050 shares purchased under NCIB but not yet canceled as of November 10, 2021*

On July 10, 2020, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch for a NCIB ("2020 NCIB"). Under the terms of the 2020 NCIB, Knight may purchase for cancellation up to 10,856,710 common shares of the Company which represented 10% of its public float as at July 6, 2020. The 2020 NCIB commenced on July 14, 2020 and ended on July 13, 2021.

On July 12, 2021, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2021 NCIB"). Under the terms of the 2021 NCIB, Knight may purchase for cancellation up to 10,267,956 common shares of the Company which represented 10% of its public float as at September 30, 2021. The 2021 NCIB commenced on July 14, 2021 and will end on the earlier of July 13, 2022 or when the Company completes its maximum purchases under the NCIB. Furthermore, Knight entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB. Under Knight's automatic share purchase plan, the broker may purchase common shares which would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods.

A copy of the notice to commence the NCIB is available without charge by contacting the Company by email at info@gudknight.com or by phone at 514-484-4483.

During the three and nine-month periods ended September 30, 2021, the Company purchased 2,963,022 and 7,844,438 common shares for an aggregate cash consideration of $17,864 and $40,907, of which $2,503 represents common share purchases from June 2021 that were settled in July 2021. Subsequent to quarter-end, the Company purchased an additional 1,009,725 common shares for an aggregate cash consideration of $5,258.

Section 15 – Use of Proceeds from Financing

To date, Knight has raised net proceeds of approximately $685,000 from five public offerings. In our short form prospectuses related to the offerings, Knight disclosed that its intent was to use a substantial portion of the net proceeds (i) for potential acquisitions of (a) in-licensing of over-the-counter and prescription pharmaceutical products and targeted promotion of these products, and (b) specialty pharmaceutical businesses in select international markets, (ii) for financing of other life sciences companies in Canada and internationally as well as for investments in funds focused in the life sciences sector, and (iii) the remainder for general corporate purposes.

On December 23, 2020, the Company announced that it filed a short form base shelf prospectus which enables Knight to offer for sale and issue up to $360,000 in common shares, subscription receipts and debt securities from time to time during the 25-month period during which the shelf prospectus remains valid. Following the GBT Transaction, Knight has access to more growth opportunities, including acquisitions of products as well as bolt on acquisitions of specialty pharmaceutical companies for its pan-American (ex US) footprint. The shelf prospectus provides Knight the financing flexibility without any incumbent obligation to use the instrument as it pursues larger opportunities.

As at September 30, 2021, Knight had deployed and invested or committed to deploy and invest over $900,000 for the purposes disclosed in the prospectuses, as described above. Knight anticipates that it has sufficient funds available to achieve its business objectives and milestones as listed in the prospectuses.

Section 16 – Payment of Dividends

The Company has not paid dividends on its common shares since inception and does not anticipate declaring dividends in the foreseeable future. Knight's current policy is to retain earnings to finance the acquisition and development of new products and to reinvest in the growth of the Company. Any future determination to pay dividends is at the discretion of the Company's Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and other such factors as the Board of Directors of the Company deems relevant.

Section 17 – Product Pricing Regulation on Certain Drug Products

Canada

All patented drug products sold in Canada that form part of Knight's portfolio of products are subject to pricing regulation by the PMPRB, a federal agency tasked with ensuring that prices of patented medicines are not excessive. For new patented products, the maximum non-excessive list price ("MLP") in Canada will be set by the lower of the list price and the median international price ("MIP") for the same drug sold in a specified set of developed comparator countries. Otherwise, the MLP will be set by the lower of the list price and the top of the domestic prices of existing comparable drugs sold in Canada. 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 may from time to time deem certain of Knight's existing or future patented products to be excessively priced based on the application of its empowering legislation and regulations, including those related to price increases, the comparative assessment of new products and reductions in the highest price in international reference countries. Such determinations by the PMPRB may have a material adverse effect on Knight's financial condition and results of operations or cash flows.

The Canadian federal government has made a commitment to reduce the cost of prescription drug pending in Canada. On December 2, 2017, Health Canada published the following proposed key changes:

- changes in the comparator countries used to determine price ceilings. The changes include removal of the US (which generally has the highest international drug prices) and Switzerland and addition of seven new countries judged to have similar consumer protection-oriented mandates and relative wealth as Canada;
- new, economics-based price regulatory factors to allow the PMPRB to regulate based on the value of a medicine and its impact on the health care system; and,
- changes to certain reporting requirements, including reporting all discounts and rebates provided to third-party payers, such as provincial drug plans.

On August 21, 2019, the federal government published the final regulations governing the PMPRB. The new regulations include eleven countries as comparators and was expected to come into force on July 1, 2020. On November 21, 2019, the PMPRB published a draft set of new guidelines for the implementation of the final regulations. The PMPRB began seeking views of stakeholders and interested members of the public and extended their consultation period in connection with the guidelines through February 14, 2020. The PMPRB published final Guidelines on October 23, 2020. The implementation of the amended PMPRB regulations was delayed due to COVID-19 and are now expected to come into force on January 1, 2022.

The regulatory changes to the PMPRB may have a significant adverse effect on the price of patented drugs sold by the Company in Canada and may limit the Company's ability to in-license and launch products in Canada due to more restrictive pricing regulations.

LATAM

In certain countries in LATAM, the price of pharmaceuticals is subject to extensive government regulations, which may include the imposition of price controls, reference pricing 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 Company has received its marketing authorization for a product. In certain countries where our products are not reimbursed by HMOs, patients may seek access to such medicines through a judicial action. Delays in pricing and reimbursement approvals may have a negative impact on the Company's cash flows and profitability. In addition, in certain countries Knight 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, Knight may have a material adverse impact on its cash flows and profitability.

Section 18 – Financial Instruments

The Company's investment policy regulates the investment activities relating to cash resources. The Company invests in strategic investments in the form of equity funds, debt funds, equity or liquid investment securities with varying terms to maturity, selected with regard to the expected timing of investments and expenditures for continuing operations, and prevailing interest rates.

Section 19 – Off-balance Sheet Arrangements

The Company's off-balance sheet arrangements consist of contractual obligations and agreements for development, sales, marketing and distribution rights to innovative drug products. The effect of terminating these arrangements under normal operating circumstances consists of an effective transition of the remaining responsibilities and obligations to the licensor under agreed upon time frames and conditions. Please refer to note 19 of the Interim Financial Statements for the period ended September 30, 2021 for additional information. Other than these contractual obligations and commitments, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, changes in revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

(In thousands of Canadian dollars, except for share and per share amounts)

Section 20 – Commitments

In the normal course of business, the Company secures development, sales, marketing and distribution rights to innovative drug products requiring royalties or product payments considered normal operating commitments and as such not included herein. The Company has entered into various agreements which include contractual commitments extending beyond the current year. These commitments are classified into three major categories: Fund commitments, milestones and purchase commitments, and loan commitments. The commitments of the Company as at September 30, 2021 are as follows:

[i] Fund commitments

As at September 30, 2021, under the terms of Company's agreements with life sciences venture capital funds, $24,845 (December 31, 2020: $31,500), including $2,448 [US$1,922] and $6,734 [EUR 4,550] (December 31, 2020: $5,952 [US$4,675] and $7,102 [EUR 4,500]), may be called over the life of the funds (based on the closing foreign exchange rates).

[ii] Milestones and purchase commitments

Under certain agreements, Knight may have to pay additional consideration should the Company achieve certain sales volumes or if certain milestones are met, such as regulatory approval in Canada or LATAM. The Company may have to pay up to $318,747 including $43,220 [US$34,155], $144,999 [CHF 98,800] and $524 [EUR 385] upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $1,004 [EUR 738], of inventory for pharmaceutical products during the five-year period after their respective commercial launch. For products that are currently launched, the Company has committed to inventory purchases of $296,354 [BRL 787,865, USD 65,961 and CHF 18,793], which will be purchased over the next 8 years.

	$
2021	41,806
2022	50,201
2023	59,541
2024	62,797
2025	50,841
2026 and beyond	31,168
Total	**296,354**

Furthermore, Knight has committed to certain sales force and marketing spend obligations during the five-year period after the commercial launch of one of its products.

[iii] Loan commitments

Subject to the Moksha8 Financing Agreement, Knight has committed to loan up to an additional $10,830 [US$8,500] should the borrower meet certain pre-defined profitability targets over its 2020 to 2021 financial years.

Section 21 – Related Party Transaction

Pharmascience Inc., a company related to the Company's CEO, provided administrative services of approximately $17 and $62 (2020: $5 and $13) to the Company for the three and nine-month periods ended September 30, 2021.

(In thousands of Canadian dollars, except for share and per share amounts)

Section 22 – Segment Reporting

Upon the acquisition of an additional 48.74% of GBT (resulting in 99.9% ownership of GBT), the Company had one reportable segment, namely the development, acquisition, in-licensing, out-licensing, marketing and distribution of innovative pharmaceutical products, consumer health products and medical devices in Canada and select international markets. This reflects the revised management structure and the way that the chief operating decision-maker evaluates the business. As a result of the change in ownership effective in August 2020, the Company retrospectively revised the segmented information for the comparative period to conform to the new segmented structure.

Geographic Information

The following table represents the revenues per country, based on where the customer is located.

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Revenues				
Brazil	**31,271**	16,020	**79,071**	51,839
Colombia	**13,967**	7,659	**33,464**	25,215
Argentina	**10,418**	8,497	**28,255**	29,686
Rest of LATAM	**12,042**	8,398	**29,463**	25,428
Canada	**2,023**	1,162	**5,313**	3,284
Other[1]	**3,619**	3,503	**9,639**	8,876
Total	**73,340**	45,239	**185,205**	144,328

[1] Includes Europe, US and other countries

As at September 30, 2021 non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, assets held for sale and other long-term receivables were held in the following geographic areas:

As at September 30, 2021	**Net book value of property, plant and equipment**	**Intangibles, net**	**Goodwill**	**Assets held for sale**	**Right-of-use assets**	**Other long-term receivables**
	$	**$**	**$**	**$**	**$**	**$**
Canada	52	26,015	—	—	302	43,706
Brazil	1,269	30,749	22,172	—	784	—
Argentina	22,344	10,419	13,125	—	2,299	—
Colombia	101	16,657	10,580	1,889	26	—
Uruguay	143	175,853	868	527	125	—
Luxembourg	—	46,402	—	—	—	—
Rest of LATAM	233	53,337	29,254	—	325	—
Total	**24,142**	**359,432**	**75,999**	**2,416**	**3,861**	**43,706**

As at December 31, 2020, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, assets held for sale and other long-term receivables were held in the following geographic areas.

(In thousands of Canadian dollars, except for share and per share amounts)

As at December 31, 2020	Net book value of property, plant and equipment	Intangibles, net	Goodwill	Assets held for sale	Right-of-use assets	Other long-term receivables
	$	$	$	$	$	$
Canada	106	27,392	—	—	511	41,582
Brazil	1,519	34,986	23,105	—	1,022	—
Argentina	19,966	10,129	11,270	—	1,712	—
Colombia	360	23,509	11,759	2,012	11	—
Uruguay	176	1,481	885	—	261	—
Luxembourg	—	—	—	—	—	—
Rest of LATAM	—	59,050	30,706	—	518	—
Other	—	—	—	527	—	—
Total	**22,127**	**156,547**	**77,725**	**2,539**	**4,035**	**41,582**

Section 23 – Significant Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts or revenues and expenses during the reporting period. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ materially from those estimates. Our significant accounting estimates and assumptions are reported in note 3 of our 2020 Annual Financial Statements.

Section 24 – Recent Accounting Pronouncements

Various pronouncements have been issued by the International Accounting Standards Board or IFRS interpretations committee that will be effective for future accounting periods. The Company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the consolidated financial statements. None of the standards issued to date are expected to have a material effect on the Interim Financial Statements.

Section 25 – Disclosure Controls and Procedures

The Company is committed to providing timely, accurate and balanced disclosure of all material information about the Company and to providing fair and equal access to such information. Management is responsible for establishing and maintaining its DC&P to ensure that information used internally and disclosed externally is complete and reliable. Due to the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Company have been detected. Management continues to evolve and enhance its system of controls and procedures.

Section 26 – Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate ICFR. The Company has designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS.

All control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that our DC&P or ICFR will prevent all errors or all fraud.

During the quarter ended September 30, 2021, there was no significant changes in our internal control over financial reporting that materially affected or is reasonably likely to materially affect the Company's internal controls over financial reporting.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

KNIGHT THERAPEUTICS INC.

September 30, 2021

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	*Notes*	**September 30, 2021**	December 31, 2020
ASSETS			
Current			
Cash and cash equivalents	*3*	**92,490**	229,592
Marketable securities	*4*	**63,539**	147,316
Trade receivables	*5*	**69,003**	62,515
Other receivables	*6*	**21,356**	12,413
Inventories	*7*	**74,912**	56,505
Prepaids and deposits		**2,840**	2,214
Other current financial assets	*9, 10*	**13,878**	34,431
Income taxes receivable		**5,052**	7,115
Total current assets		**343,070**	552,101
Marketable securities	*4*	**—**	15,317
Prepaids and deposits		**3,443**	4,208
Right-of-use assets		**3,861**	4,035
Property, plant and equipment		**24,142**	22,127
Investment properties		**1,385**	1,539
Intangible assets	*8*	**359,432**	156,547
Goodwill		**75,999**	77,725
Other financial assets	*9, 10*	**175,865**	159,524
Deferred income tax assets		**4,295**	2,432
Other long-term receivables	*12*	**43,706**	41,582
		692,128	485,036
Assets held for sale		**2,416**	2,539
Total assets		**1,037,614**	1,039,676

INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	*Notes*	**September 30, 2021**	December 31, 2020
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		**76,792**	44,512
Lease liabilities		**1,472**	1,875
Other liabilities		**2,040**	1,291
Bank loans	*11*	**36,328**	51,770
Income taxes payable		**11,389**	13,559
Other balances payable		**4,532**	1,053
Total current liabilities		**132,553**	114,060
Accounts payable and accrued liabilities		**248**	316
Lease liabilities		**2,718**	2,543
Other balances payable		**11,208**	14,900
Deferred income tax liabilities		**18,290**	21,616
Total liabilities		**165,017**	153,435
Shareholders' equity			
Share capital	*13 [i]*	**652,681**	694,351
Warrants		**117**	117
Contributed surplus		**21,470**	18,731
Accumulated other comprehensive loss	*14*	**(1,202)**	(1,503)
Retained earnings		**199,531**	174,545
Total shareholders' equity		**872,597**	886,241
Total liabilities and shareholders' equity		**1,037,614**	1,039,676

Commitments *[note 19]*

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

[In thousands of Canadian dollars, except for share and per share amounts]

[Unaudited]

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2021**	2020	**2021**	2020
Revenues	*16*	**73,340**	45,239	**185,205**	144,328
Cost of goods sold		**35,574**	25,706	**97,988**	82,698
Gross margin		**37,766**	19,533	**87,217**	61,630
Expenses					
Selling and marketing		**9,990**	7,763	**26,787**	26,928
General and administrative		**8,763**	10,835	**25,296**	27,424
Research and development		**3,793**	2,967	**9,196**	8,035
Amortization of intangible assets		**11,199**	5,703	**24,136**	17,546
Operating income (loss)		**4,021**	(7,735)	**1,802**	(18,303)
Interest income on financial instruments measured at amortized cost		**(188)**	(1,754)	**(1,721)**	(7,477)
Other interest income		**(1,214)**	(1,434)	**(3,465)**	(4,038)
Interest expense		**959**	822	**2,287**	3,070
Other expense (income)		**286**	(243)	**193**	(133)
Net loss (gain) on financial instruments measured at fair value through profit or loss	*9*	**21,301**	(12,873)	**(16,644)**	(22,642)
Net gain on mandatory tender offer liability		—	(10,502)	—	(12,072)
Realized gain on sale of asset held for sale		—	—	—	(2,948)
Realized gain on automatic share purchase plan		—	—	—	(4,168)
Foreign exchange (gain) loss		**(7,143)**	703	**252**	9,666
(Gain) loss on hyperinflation		**(92)**	401	**(214)**	1,205
(Loss) income before income taxes		**(9,888)**	17,145	**21,114**	21,234
Income tax					
Current		**1,351**	(3,079)	**1,293**	1,386
Deferred		**(2,653)**	2,732	**(4,155)**	(3,679)
Income tax recovery		**(1,302)**	(347)	**(2,862)**	(2,293)
Net (loss) income for the period		**(8,586)**	17,492	**23,976**	23,527
Attributable to:					
Shareholders of the Company		**(8,586)**	18,094	**23,976**	33,834
Non-controlling interests		—	(602)	—	(10,307)
Attributable to shareholders of the Company					
Basic net (loss) earnings per share	*15*	**(0.07)**	0.14	**0.19**	0.26
Diluted net (loss) earnings per share	*15*	**(0.07)**	0.14	**0.19**	0.26
Weighted average number of common shares outstanding					
Basic	*15*	**123,059,239**	130,867,769	**125,946,921**	132,346,922
Diluted	*15*	**123,059,239**	131,051,220	**125,970,589**	132,614,809

See accompanying note

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Net (loss) income for the period	**(8,586)**	17,492	**23,976**	23,527
Other comprehensive income (loss), net of taxes				
Items that may be reclassified subsequently to net income or loss:				
Unrealized income (loss) on translation of foreign operations	**6,671**	(10,377)	**362**	(18,078)
Items permanently in other comprehensive income or loss:				
Net loss on equity investments at fair value through other comprehensive income net of tax of $3 and $7 ($172 and $9 for the three and nine-month periods ended September 30, 2020)	**(44)**	(62)	**(61)**	(381)
Other comprehensive income (loss) for the period	**6,627**	(10,439)	**301**	(18,459)
Total comprehensive (loss) income for the period	**(1,959)**	7,053	**24,277**	5,068
Attributable to:				
Shareholders of the Company	**(1,959)**	9,462	**24,277**	24,720
Non-controlling interests	—	(2,409)	—	(19,652)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[In thousands of Canadian dollars]

[Unaudited]

		Equity attributable to shareholders of the Company							
	Notes	**Share capital**	**Warrants**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at January 1, 2020		**723,832**	**785**	**16,463**	**17,405**	**52,246**	**810,731**	**104,375**	**915,106**
Net income for the period		—	—	—	—	33,834	33,834	**(10,307)**	23,527
Other comprehensive loss for the period		—	—	—	(9,114)	—	(9,114)	**(9,345)**	(18,459)
Comprehensive (loss)		—	—	—	(9,114)	33,834	24,720	**(19,652)**	5,068
Share-based compensation expense	*13 [ii]*	—	—	1,422	—	—	1,422	—	1,422
Issuance under share option plan		945	—	(350)	—	—	595	—	595
Issuance under share purchase plan	*13 [ii]*	208	—	—	—	—	208	—	208
Shares purchased under Normal Course Issuer Bid	*13 [iii]*	(29,919)	—	—	—	(10,258)	(40,177)	—	(40,177)
Acquisition of shares through mandatory tender offer		—	—	—	(5,761)	90,484	84,723	**(84,723)**	—
Expired and surrendered warrants		—	(668)	668	—	—	—	—	—
Balance as at September 30, 2020		695,066	117	18,203	2,530	166,306	**882,222**	—	882,222
Balance as at January 1, 2021		**694,351**	**117**	**18,731**	**(1,503)**	**174,545**	**886,241**	—	**886,241**
Net income for the period		—	—	—	—	23,976	23,976	—	**23,976**
Other comprehensive income for the period		—	—	—	301	—	301	—	**301**
Comprehensive income		—	—	—	301	23,976	24,277	—	**24,277**
Share-based compensation expense	*13 [ii]*	—	—	2,739	—	—	2,739	—	**2,739**
Issuance under share purchase plan	*13 [ii]*	247	—	—	—	—	247	—	**247**
Shares purchased under Normal Course Issuer Bid	*13 [iii]*	(41,917)	—	—	—	1,010	(40,907)	—	**(40,907)**
Balance as at September 30, 2021		**652,681**	**117**	**21,470**	**(1,202)**	**199,531**	**872,597**	—	**872,597**

See accompanying notes

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2021**	2020	**2021**	2020
OPERATING ACTIVITIES					
Net (loss) income for the period		**(8,586)**	17,492	**23,976**	23,527
Adjustments reconciling net income to operating cash flows:					
Deferred income tax expense (recovery)		**(2,653)**	2,732	**(4,155)**	(3,679)
Share-based compensation expense	*13 [ii]*	**421**	725	**2,772**	1,422
Depreciation and amortization		**12,995**	7,085	**28,914**	22,462
Net loss (gain) on financial instruments	*9*	**21,301**	(12,873)	**(16,644)**	(22,642)
Net gain on mandatory tender offer liability		—	(10,502)	—	(12,072)
Realized gain on sale of asset held for sale		—	—	—	(2,948)
Realized gain on automatic share purchase plan		—	—	—	(4,168)
Interest expense		**959**	822	**2,287**	3,070
Unrealized foreign exchange (gain) loss		**(6,443)**	703	**(1,087)**	9,666
(Gain) loss on hyperinflation		**(92)**	401	**(214)**	1,205
Other adjustments		**(1)**	424	**(1)**	(50)
		17,901	7,009	**35,848**	15,793
Changes in non-cash working capital and other items	*17*	**(7,580)**	(15,421)	**4,089**	(32,295)
Cash inflow (outflow) from operating activities		**10,321**	(8,412)	**39,937**	(16,502)
INVESTING ACTIVITIES					
Acquisition of shares through mandatory tender offer		—	(170,855)	—	(170,855)
Purchase of marketable securities		—	(662)	**(47,895)**	(37,778)
Purchase of intangible assets		**(1,705)**	(1,191)	**(220,198)**	(14,024)
Purchase of property and equipment		**(688)**	(861)	**(1,118)**	(3,119)
Exercise of warrants		—	—	—	(397)
Issuance of loans receivables		—	—	—	(7,364)
Investment in funds	*9 [iv]*	**(5,359)**	(2,010)	**(10,963)**	(15,010)
Proceeds on sale of asset held for sale		—	—	—	77,000
Proceeds on maturity of marketable securities		—	32,440	**146,896**	226,999
Proceeds from repayments of loans receivable	*9 [i]*	—	17	**2,494**	7,786
Proceeds from disposal of equity investments	*9 [ii]*	—	—	**2,624**	2,919
Proceeds from distribution of funds	*9 [iv]*	**2,042**	14,887	**13,412**	26,996
Cash (outflow) inflow from investing activities		**(5,710)**	(128,235)	**(114,748)**	93,153
FINANCING ACTIVITIES					
Proceeds from exercise of stock options		—	115	—	595
Proceeds from contributions to share purchase plan		**76**	62	**210**	175
Proceeds from bank loans		**2,325**	—	**2,325**	10,998
Repurchase of common shares through Normal Course Issuer Bid	*13 [iii]*	**(17,864)**	(3,736)	**(40,907)**	(35,001)
Principal repayment of lease liabilities		**(744)**	(888)	**(2,141)**	(2,406)
Principal repayments on bank loans		—	(701)	**(14,911)**	(8,219)
Cash outflow from financing activities		**(16,207)**	(5,148)	**(55,424)**	(33,858)
(Decrease) increase in cash and cash equivalents during the period		**(11,596)**	(141,795)	**(130,235)**	42,793
Cash and cash equivalents, beginning of the period		**102,582**	359,593	**229,592**	174,268
Net foreign exchange difference		**1,504**	293	**(6,867)**	1,030
Cash and cash equivalents, end of the period		**92,490**	218,091	**92,490**	218,091
Supplemental cash flow information:					
Interest received		**846**	1,044	**7,774**	9,299
Interest paid		**(204)**	(8)	**(1,323)**	(1,321)
Net income taxes paid		**(798)**	(3,718)	**(3,390)**	(6,745)

See accompanying notes

GLOSSARY OF ABBREVIATIONS

Abbreviation	Company
Crescita	Crescita Therapeutics Inc.
GBT	Biotoscana Investments S.A.
Knight or the Company	Knight Therapeutics Inc.
Medexus	Medexus Inc.
Medimetriks	Medimetriks Pharmaceuticals Inc.
Moksha8	Moksha8, Inc.
Synergy	Synergy CHC Corp.
NEMO II	New Emerging Medical Opportunities Fund II Ltd.

Abbreviation	Currency
ARS	Argentine Peso
BRL	Brazilian Real
C$ or $ or CAD	Canadian Dollar
CHF	Swiss Franc
COP	Colombian Peso
EUR	Euro
US$/USD	U.S. Dollar

Abbreviation	Other
ASPP	Automatic share purchase plan
CDI	Certificados de Depósitos Interfinanceiros (Brazil interbank lending rate)
CEO	Chief Executive Officer
CRA	Canada Revenue Agency
DSU	Deferred share units
ECL	Expected credit loss
FA	Financial Assets
FDA	Food and Drug Administration (United States)
FV	Fair value
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IBR	Incremental borrowing rate
IFRS	International Financial Reporting Standards
LATAM	Latin America
NCIB	Normal Course Issuer Bid
PRV	Priority Review Voucher
PSU	Performance share units
RSU	Restricted share units
WAFV	Weighted average fair value

1. NATURE OF OPERATIONS

Description of business

Knight was incorporated on November 1, 2013 under the Canada Business Corporations Act. The Company is a specialty pharmaceutical company, and its principal business activity is acquiring, in-licensing, out-licensing, developing, manufacturing, marketing and distributing pharmaceutical products in Canada, Latin America and select international markets. The Company's corporate headquarters are located at 3400 de Maisonneuve Boulevard West, Suite 1055, Montreal, Quebec, H3Z 3B8. Knight is listed on Toronto Stock Exchange under the ticker symbol "GUD".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

The Company's interim condensed consolidated financial statements as at and for the three and nine-month periods ended September 30, 2021 and 2020 were authorized for issue by the Board of Directors on November 10, 2021.

Impact of the COVID-19 Pandemic

There is significant uncertainty regarding the potential impact that the ongoing pandemic may have on the Company's operations. The extent to which the impacts of COVID-19 affect the judgments and estimates described in note 3 of the consolidated financial statements for the year ended December 31, 2020 depends on future developments, which are highly uncertain and cannot be predicted.

In 2021, 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 from greater than 70% of population fully vaccinated in markets such as Chile and Canada and less than 50% of population fully vaccinated in markets such as Colombia and Mexico. 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, including the allowance for inventory obsolescence, expected credit losses and the carrying values of financial assets, property plant and equipment, goodwill, other intangible assets and deferred tax assets. Actual results may differ significantly from our estimates as a result of COVID-19. Management is not able to predict the impact that the COVID-19 pandemic will have in the future due to numerous uncertainties, including the severity of the disease and its variants, the duration of the pandemic, actions that may be taken by governmental authorities, the impact to the commercial operations and supply chain. Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, accounting policies and amounts recognized in these unaudited interim consolidated financial statements.

2.2 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those set out in note 2 "Summary of significant accounting policies" of the Company's annual consolidated financial statements for the year ended December 31, 2020, except for restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs") awarded under Omnibus Equity Incentive Plan (the "Omnibus Plan") which was approved by shareholder of the Company on May 13, 2021. The related accounting policies are as follows:

Restricted share units
RSUs are expected to be settled by the issuance of the Company's shares, although they can be settled in cash at the Company's option. RSUs vest at the end of the three-year period from the date of the grant. The fair value of each grant of RSUs is the fair value of the Company's share price on the date of the grant. The number of RSUs expected to vest are estimated on the grant date and subsequently revised on each reporting date. The resulting compensation expense, adjusted for forfeitures, is charged to income over the period the participants unconditionally become entitled to the award, with a corresponding increase to contributed surplus, on a straight-line basis.

Performance share units
PSUs are expected to be settled by the issuance of the Company's shares, although they can be settled in cash at the Company's option. PSUs vest at the end of the three-year period from the date of the grant upon the achievement of certain non-market vesting conditions. The fair value of each grant of PSUs is the fair value of the Company's share price on the date of the grant. The number of PSUs expected to vest are estimated on the grant date and subsequently revised on each reporting date. The resulting compensation expense, adjusted for expectations related to non-market performance conditions and forfeitures, is charged to income over the period the participants unconditionally become entitled to the award, with a corresponding increase in contributed surplus, on a straight-line basis.

Deferred share units
DSUs are awarded to Directors of the Company and vest when they cease to be a member of the Board of Directors. DSUs are expected to be settled by the issuance of the Company's shares and are recognized as general and administrative expenses on the date of grant using the Company's share price as the fair value.

3. CASH AND CASH EQUIVALENTS

As at	**September 30, 2021**	December 31, 2020
	$	$
Cash in bank	**79,737**	227,011
Cash equivalents	**12,753**	2,581
Total	**92,490**	229,592

4. MARKETABLE SECURITIES

As at	September 30, 2021 $	December 31, 2020 $
Current		
GICs earning interest at rates ranging from 0.65% to 3.37% and maturing from January 2022 to June 2022 (December 31, 2020: 1.25% to 3.30%, January 2021 to June 2021)	**63,539**	118,711
Term deposits of US$22,467 earning interest at 1.60% to 3.04% and maturing from February 2021 to April 2021	—	28,605
Total current	**63,539**	147,316
Non-current		
GICs earning interest at rates ranging from 3.09% to 3.37% and maturing from January 2022 to March 2022	—	15,317
Total non-current	—	15,317
Total	**63,539**	162,633

5. TRADE RECEIVABLES

The Company maintains an allowance for ECL that represents its estimate of uncollectible amounts based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. During the three and nine-month periods ended September 30, 2021, the Company has recorded an increase in ECL of $53 and decrease in ECL of $350 (2020: additional ECL $398 and $2,819), respectively, in the consolidated statement of income in "Selling and marketing".

6. OTHER RECEIVABLES

As at	September 30, 2021 $	December 31, 2020 $
Interest receivable	**1,460**	4,270
Other receivables[1]	**18,461**	4,695
Sales and other taxes receivable	**1,435**	3,448
Total	**21,356**	12,413

[1] *Includes distribution receivable from strategic funds investments of $14,203 (2020: $1,545)*

7. INVENTORIES

As at	September 30, 2021 $	December 31, 2020 $
Raw materials	**10,416**	9,877
Work in progress	**2,531**	6,182
Finished goods	**61,965**	40,446
Total	**74,912**	56,505

During the three and nine-month periods ended September 30, 2021, the Company recorded inventory write-down of $368 and $940 (2020: $1,871 and $6,797), respectively, in the statement of income (loss) in "Cost of goods sold".

8. INTANGIBLE ASSETS

The following table summarizes the movements in net book value of intangible assets during the nine-month period ended September 30, 2021:

	$
Net book value as at January 1, 2021	**156,547**
Additions - Exelon	217,331
Additions - Other	4,335
Disposals and write-offs	(1,700)
Amortization charge	(24,136)
Foreign exchange and hyperinflation adjustments	7,055
Net book value as at September 30, 2021	**359,432**

On May 26, 2021, the Company entered into an agreement with Novartis to acquire the exclusive rights to manufacture, market and sell Exelon®, indicated for the symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease, in Canada and Latin America ("Territory"). In addition, the Company obtained an exclusive license to use the intellectual property and the Exelon® trademark in the Territory. Knight paid an upfront and milestone payment of $217,331 [US$180,000] which has been recognized as an intangible asset with a definite useful life of 10 years.

9. OTHER FINANCIAL ASSETS

	Carrying amount	
	September 30, 2021	December 31,2020
	$	$
Loans and other receivables *[i]*		
Measured at amortized cost	**6,350**	8,847
Measured at FVTPL	**26,454**	24,261
Equity Investments *[ii]*		
Measured at FVTPL	**2,236**	5,154
Measured at FVOCI	**4,465**	4,464
Derivatives *[iii]*		
Measured at FVTPL	**1,334**	1,493
Fund Investments *[iv]*		
Measured at FVTPL	**148,904**	149,736
Total	**189,743**	193,955

As a result of changes in fair value and the disposal of financial assets, the Company recorded the following net losses (gains) on financial instruments in the consolidated statement of income (loss) as "Net gain (loss) on financial instruments measured at fair value through profit or loss":

2021	**Three months ended September 30,**			**Nine months ended September 30,**		
	Unrealized (gain) loss on FA measured at FVTPL	**Realized (gain) loss on FA measured at FVTPL**		**Unrealized (gain) loss on FA measured at FVTPL**	**Realized (gain) loss on FA measured at FVTPL**	
	$	**$**	**Total $**	**$**	**$**	**Total $**
Loans and other receivables *[i]*[1]	30	—	**30**	(33)	—	**(33)**
Equity Investments *[ii]*	1,251	—	**1,251**	1,933	(1,639)	**294**
Derivatives *[iii]*	68	—	**68**	158	—	**158**
Fund Investments *[iv]*	28,042[2]	(8,090)[2]	**19,952**	(1,071)[2]	(15,992)[2]	**(17,063)**
Total	**29,391**	**(8,090)**	**21,301**	**987**	**(17,631)**	**(16,644)**

[1]Realized (gain) loss on financial assets measured at FVTPL includes recognition of deferred day 1 gains and change in FV related to early repayment.
[2]Includes reclassification of $6,456 of unrealized gain to realized as a result of NEMO II fund liquidation. Unrealized loss (gain) from the existing funds' investments for the three and nine-month periods were $21,586 unrealized loss and $7,527 unrealized gain respectively. Realized gain from the existing funds' investments for the three and nine-month periods were $1,634 and $9,536 respectively.

2020	Three months ended September 30,			Nine months ended September 30,		
	Unrealized (gain) loss on FA measured at FVTPL $	Realized (gain) loss on FA measured at FVTPL $	Total $	Unrealized (gain) loss on FA measured at FVTPL $	Realized (gain) loss on FA measured at FVTPL $	Total $
Loans and other receivables *[i]*[1]	(404)	—	**(404)**	179	(46)	**133**
Equity Investments *[ii]*	(48)	—	**(48)**	(513)	712	**199**
Derivatives *[iii]* [2]	(36,400)	36,425	**25**	1,216	36,165	**37,381**
Fund Investments *[iv]*	(3,025)	(9,348)	**(12,373)**	(7,578)	(15,256)	**(22,834)**
Total	**(39,877)**	**27,077**	**(12,800)**	**(6,696)**	**21,575**	**14,879**

[1]Realized (gain) loss on financial assets measured at FVTPL includes recognition of deferred day 1 gains and change in FV related to early repayment.
[2]The unrealized loss for the three and nine-month periods of $25 and $37,381 includes an unrealized gain of 36,352 and an unrealized loss of $1,096 recorded on foreign exchange contracts, related to the mandatory tender offer liability.

[i] Loans and other receivables

As at September 30, 2021, the nominal loan balance outstanding was $33,858 [US$26,574] (December 31, 2020: $36,338 [US$28,541]). The following table summarizes the movement in loans and other receivables during the nine-month period ended September 30.

	Carrying value as at January 1 $	Additions $	Loan repayments $	Net gain (loss) on FA[1] $	Foreign exchange[2,3] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2021								
Amortized Cost	8,847	35	(2,494)	—	(38)	6,350	2,561	3,789
FVTPL	24,261	2,108	—	33	52	26,454	7,548	18,906
Total	**33,108**	**2,143**	**(2,494)**	**33**	**14**	**32,804**	**10,109**	**22,695**
2020								
Amortized Cost	2,181	7,364	(52)	—	(221)	9,272	5,349	3,923
FVTPL	28,390	3,531	(7,734)	(133)	1,104	25,158	6,610	18,548
Total	**30,571**	**10,895**	**(7,786)**	**(133)**	**883**	**34,430**	**11,959**	**22,471**

[1] Net changes related to change in the fair value of loan receivables and recognition of day 1 gains
[2] During the three-months period ended September 30, 2021, recorded a gain of $632 in the statement of income (loss) in "Foreign exchange loss (gain)" (2020: loss of $472) and a gain of $236 in the statement of other comprehensive (loss) income in "Unrealized income (loss) on translation of foreign operations" (2020: loss of $228)
[3] During the nine-month period ended September 30, 2021, recorded a gain of $59 in the statement of income (loss) in "Foreign exchange loss" (2020: gain of $788) and a loss of $45 in the statement of other comprehensive (loss) income in "Unrealized gain (loss) on translation of foreign operations" (2020: gain of $95)

[ii] Equity investments

The following table summarizes the movement in equity investments during the nine-month period ended September 30.

	Carrying value as at January 1 $	Additions[1] $	Disposals[2] $	Net gain (loss) on FA[3] $	Foreign exchange $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2021								
FVTPL	5,154	—	(2,624)	(294)	—	2,236	2,236	—
FVOCI	4,464	—	—	—	1	4,465	1,353	3,112
Total	**9,618**	—	**(2,624)**	**(294)**	**1**	**6,701**	**3,589**	**3,112**
2020								
FVTPL	3,712	782	(1,094)	(199)	4	3,205	3,205	—
FVOCI	6,473	—	(1,825)	(638)	90	4,100	987	3,113
Total	**10,185**	**782**	**(2,919)**	**(837)**	**94**	**7,305**	**4,192**	**3,113**

[1] Equities purchased or received as consideration with the strategic lending transactions
[2] Cash received upon disposal of equities during the period
[3] Net changes due to revaluation to fair market value recorded in the statement of income (loss) (FVTPL) or statement of comprehensive income (loss) (FVOCI)

Equity investments measured at FVTPL

Medexus

During the three-month period ended March 31, 2021, Knight sold 315,600 common shares of Medexus for total proceeds of $2,624 realizing a gain of $1,639. The common shares were acquired by Knight at an average cost of $3.12 per share.

Equity investments measured at FVOCI

Under IFRS 9, the Company has designated the following strategic investments as equity investments measured at FVOCI.

	September 30, 2021		December 31, 2020	
	Number of common shares owned	FV $	Number of common shares owned	FV $
Crescita	**1,935,489**	**1,353**	1,935,489	1,355
Synergy[1]	**17,645,812**	—	17,645,812	—
Medimetriks[2]	**2,315,007**	**3,112**	2,315,007	3,109
Total		**4,465**		4,464

[1] Valued using the quoted market price (closing share price on the OTCXD) less the day 1 gain on initial measurement that the Company deferred. FV before considering the deferred day 1 gain is $1,349 [US$1,059] (December 31, 2020: $1,198 [US$935])]
[2] Valued using the income approach valuation method less the day 1 gain on initial measurement that the Company deferred. FV, net of the day 1 gain, in original currency is US$2,442 (December 31, 2020: US$2,442)

[iii] Derivatives

The following table summarizes the movement in derivatives recorded at FVTPL during the nine-month period ended September 30.

	Carrying value as at January 1 $	Additions[1] $	Disposals[2] $	Net (loss) on FA $	Foreign exchange[4,5] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2021	**1,493**	—	—	**(158)**	**(1)**	**1,334**	**180**	**1,154**
2020	4,334	—	34,689	(37,381)[3]	(101)	1,541	180	1,361

[1] Derivatives recognized during the period

[2] Derivatives derecognized or disposed of during the period

[3] In 2020, includes a loss of $37,448 recorded on foreign exchange contracts related to the mandatory tender offer liability

[4] During the three-month period ended September 30, 2021, recorded a gain of $24 (2020: loss of $23) in the statement of income (loss) in "Foreign exchange loss" and a loss of $nil (2020: gain of $12) in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations"

[5] During the nine-month period ended September 30, 2021, recorded a loss of $1 (*2020: loss of $87) in the statement of income (loss) in "Foreign exchange loss" and a loss of $nil (2020: loss of $14) in the statement of other comprehensive (loss) income in "Unrealized income (loss) on translation of foreign operations"*

[iv] Fund investments

The following table summarizes the movement in fund investments recorded at FVTPL during the nine-month period ended September 30.

	Carrying value as at January 1 $	Additions[1] $	Distributions[2,3] $	Net gain on FA $	Foreign exchange[4,5] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2021	**149,736**	**10,963**	**(27,615)**	**17,063**	**(1,243)**	**148,904**	—	**148,904**
2020	114,061	15,010	(26,085)	22,834	4,020	129,840	9,917	119,923

[1] Investments in equity or debt funds including US$2,875 and EUR 1,771 (2020: including US$4,125 and EUR 1,766)

[2] Distributions received from funds including US$12,297 and EUR 1,090 (2020: including US$4,338 and EUR 7,804)

[3] Includes distribution receivable of $14,203 (2020: $1,545), including $12,297 (US$8,157) final distribution from NEMO II following its liquidation

[4] During the three-month period ended September 30, 2021, recorded a loss of $502 in the statement of income (loss) in "Foreign exchange loss (gain)" (2020: gain of $1,344) and a gain of $3,463 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2020: loss of $1,923)

[5] During the nine-month period ended September 30, 2021, recorded a loss of $2,763 in the statement of income (loss) in "Foreign exchange loss" (2020: gain of $2,126) and a gain of $1,520 in the statement of other comprehensive (loss) income in "Unrealized income (loss) on translation of foreign operations" (2020: gain of $1,940)

10. MEASUREMENT OF FINANCIAL ASSETS

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Levels	Description	Type of financial instruments normally classified as such
Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities.	• Investments in equities[1]
Level 2	Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.	• Investments in equities[2]
Level 3	Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.	• Investments in equities[3] • Investments in funds • Loans and receivables measured at FVTPL • Loans and receivables measured at Amortized Cost • Derivatives

[1] Publicly-traded equities in active markets
[2] Publicly-traded equities in inactive markets
[3] Privately-held equities

[i] Fair value hierarchy

As at	September 30, 2021	Level 1	Level 2	Level 3
	$	$	$	$
Recurring fair value measurements				
Loans measured at FVTPL	**26,454**	—	—	**26,454**
Equity investments measured at FVTPL	**2,236**	**2,236**	—	—
Equity investments measured at FVOCI	**4,465**	**1,353**	—	**3,112**
Derivatives	**1,334**	—	—	**1,334**
Fund investments measured at FVTPL	**148,904**	—	—	**148,904**
Total	**183,393**	**3,589**	—	**179,804**

	December 31, 2020	Level 1	Level 2	Level 3
	$	$	$	$
Recurring fair value measurements				
Loans measured at FVTPL	24,261	—	—	24,261
Equity investments measured at FVTPL	5,154	5,154	—	—
Equity investments measured at FVOCI	4,464	1,355	—	3,109
Derivatives	1,493	—	—	1,493
Fund investments measured at FVTPL	149,736	—	—	149,736
Total	185,108	6,509	—	178,599

There were no transfers between levels of the fair value hierarchy for the nine-month period ended September 30, 2021 or year ended December 31, 2020.

[ii] Day 1 Gains

Upon acquisition of a financial instrument, the Company measures its fair value and compares it to the acquisition price. The difference is recognised as a gain or loss only if fair value is based on a quoted price in an active market or based on a valuation technique that uses only data from observable markets. The Company has the following deferred day 1 gains:

As at	September 30, 2021		December 31, 2020	
	US$	**$**	US$	$
Equity investments measured at FVOCI				
Medimetriks	**730**	**930**	730	929
Synergy	**3,764**	**4,796**	3,764	4,792
Total	**4,494**	**5,726**	4,494	5,721

11. BANK LOANS

The Company had the following indebtedness as at the end of the following periods:

					September 30, 2021	December 31, 2020
	Currency of debt	**Interest rate**	**Effective annual interest rate**	**Maturity**	**Current $**	**Current $**
Banks						
Itaú Unibanco	BRL	1.65% +100% CDI	5.01%	December 8, 2023	**19,705**	24,167
Banco Santander	BRL	2.00% +100% CDI	5.35%	December 13, 2021	**1,863**	3,815
Banco Santander	BRL	1.49% +100% CDI	N/A	March 4, 2021	**—**	10,111
Bancolombia	COP	2.10% + IBR	3.94%	December 14, 2021	**12,435**	13,677
Banco ICBC Overdraft	ARS	42%[1]	N/A	N/A	**835**	—
Banco Itau Overdraft	ARS	40%[2]	N/A	N/A	**1,490**	—
Total Bank Loans					**36,328**	51,770

[1] Fixed rate renewed monthly
[2] Fixed rate renewed daily

Subsequent to September 30, 2021, Knight re-financed its Bancolombia loan at the interest rate of 2.28% + IBR extending the maturity date to October 26, 2026.

12. OTHER LONG-TERM RECEIVABLE

Notices of reassessment

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.

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 will file a notice of appeal to the Tax Court of Canada.

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.

13. SHAREHOLDERS' EQUITY

[i] Share capital

The authorized share capital of the Company is comprised of an unlimited number of common shares and an unlimited number of first preferred shares, which may be issued from time to time in one or more series, without par value. The issued and outstanding share capital of Knight is as follows:

	Notes	**Number of common shares**	**$**
Balance as at January 1, 2021		**130,039,341**	**694,351**
Issuance under share purchase plan	*[ii]*	46,967	247
Shares purchased under NCIB	*[iii]*	(7,844,438)	(41,917)
Balance as at September 30, 2021		122,241,870	652,681

[ii] Stock-based compensation plans

The Company has three stock-based compensation plans: the Share Option Plan, the Share Purchase Plan, the Omnibus Equity Incentive Plan.

Share Option Plan

The Company had an equity-settled Share Option Plan ("the Option Plan") in place for employees, directors, officers and consultants of the Company. The Option Plan was approved by the Board of Directors and the shareholders on May 9, 2017 and re-approved by the shareholders on June 25, 2020. The aggregate maximum number of stock options outstanding under the Option Plan at any given time shall not exceed 10% of the outstanding shares of the Company as of the grant date. Effective May 13, 2021, the Company's Omnibus Equity Incentive Plan replaced the Share Option Plan for the new awards of Stock Options to directors, employees, officers and consultants of Knight.

Omnibus Equity Incentive Plan

On May 13, 2021 the Company adopted an Omnibus Plan upon approval by the shareholders. The Omnibus Plan permits the grant of stock options to employees, directors, officers and consultants of the Company, restricted share units ("RSUs") and performance share units ("PSUs") to employees and officers and deferred share units ("DSUs") to non-employee members of the Board of Directors of Knight. Under the Omnibus Plan, each holder of a unit of a RSU, PSU, and DSU has the right to receive upon vesting one common share of Knight or the equivalent amount in cash at the election of the Company.

The maximum number of common shares available for issuance pursuant to the Omnibus Plan and the Option Plan shall not exceed 10% of the then issued and outstanding common shares on a rolling basis. not

Stock options

Stock options issued under the Share Option Plan and issued or issuable under the Omnibus Plan must be exercised within a period of time fixed by the Board of Directors that may not exceed ten-years from the grant date. The Board of Directors or its designated committee may determine when an option will become exercisable and may determine that the option will be exercisable immediately upon the date of grant, in instalments or pursuant to a vesting schedule. If no specific determination is made, the stock options vest in equal tranches of 25% per annum on each anniversary date. Stock options that have been exercised, expired, cancelled, forfeited or terminated become available for re-issuance under the Omnibus Plan. Generally, the stock options have a seven-year or ten-year term and vest over a one-year period for directors and a three or four-year period for employees.

The fair value of the options granted during the nine-month period ended September 30, 2021 was estimated at $1.63 using Black-Scholes option pricing model using the following assumptions:

Nine months ended September 30, 2021	
Share price on the date of grant	**5.65**
Weighted average risk-free interest rate	**1.22%**
Dividend yield	**Nil**
Weighted average volatility factor *[i]*	**26.48%**
Unvested forfeiture rate	**2%**
Weighted average expected life	**6.26 years**

[i] Volatility was determined using the historical share price of the Company.

	Nine months ended September 30,			
	2021		2020	
	Number of share options #	**Weighted average exercise price $**	Number of share options #	Weighted average exercise price $
Balance beginning of the period	**5,298,806**	**7.50**	4,892,872	7.63
Granted	**174,417**	**5.65**	937,778	7.00
Exercised	—	—	(105,000)	5.67
Expired/forfeited	**(248,399)**	**8.06**	(381,255)	8.32
Balance at end of the period	**5,224,824**	**7.42**	5,344,395	7.51
Options exercisable at the end of the period	**3,990,708**	**7.50**	3,557,176	7.47

In May 2021, upon shareholders' approval the Company extended the expiry date of certain stock options held by its executive officers, directors and employees granted during the year ended December 31, 2014 and expiring in 2021 by an additional 3 years. The incremental fair value of $1,210 was expensed in the three-months ended June 30, 2021 in general and administrative expense. The fair value of the modified stock options was determined using the Black-Scholes model with the following assumptions:

Share price on the date of grant extension	**5.65**
Weighted average exercise price	**5.63**
Weighted average risk-free interest rate	**0.53%**
Dividend yield	**Nil**
Weighted average volatility factor *[i]*	**25.66%**
Weighted average expected life	**3.07 years**

[i] Volatility was determined using the historical share price of the Company.

Deferred share units

The Company may grant DSUs to any non-employee director of Knight under the Omnibus Plan. The number of DSUs granted at any particular time pursuant to the Omnibus Plan is calculated by dividing the value of the grant over the market price of a share of Knight on the award date. The DSUs vest when the holder ceases to be a director of Knight for any reason. During the three months ended June 30, 2021, the Company granted 29,205 DSUs to non-employee board members. There were no DSUs granted during the three-month period ended September 30, 2021. As at September 30, 2021, the number of outstanding DSUs was 29,205 (nil as at September 30, 2020).

Restricted share units and performance share units

The Company may grant RSUs to any participant under the Omnibus Plan. The RSUs expire and are settled by no later than December 31st of the third calendar year commencing after the date of award.

The Company may grant PSUs to any employee under the Omnibus Plan. The vesting of the PSUs is subject to the achieving future performance targets. No awards vest when the minimum performance thresholds are not achieved.

The PSUs expire and are settled by no later than December 31st of the third calendar year commencing after the date of award.

The following table shows the RSUs and PSUs granted and outstanding at the beginning and end of the reporting period and the weighted average fair value at grant date per unit ("WAFV"):

	Nine months ended September 30, 2021			
	RSUs		PSUs	
	Number of units #	WAFV $	Number of units #	WAFV $
Balance beginning of the period	—	—	—	—
Granted	**104,216**	**5.65**	**216,904**	**5.65**
Forfeited/cancelled	**(5,393)**	**5.65**	**(5,393)**	**5.65**
Balance at end of the period	**98,823**	**5.65**	**211,511**	**5.65**
Weighted average remaining contractual life of the share units outstanding at end of period	**2.63 years**		**2.63 years**	

The Company recorded an expense of $421 and $2,772 (2020: $725 and $1,422) for the three and nine-month periods ended September 30, 2021 with corresponding credits to contributed surplus net of forfeitures related to the share-based compensation under the Share Option Plan and the Omnibus Plan.

Share Purchase Plan

The Company has a Share Purchase Plan ("Purchase Plan") which allows employees and directors of the Company to purchase common shares at listed market prices from treasury. The Purchase Plan was re-approved by the Board of Directors and the shareholders on May 7, 2019. The plan allows for employees to contribute up to a maximum of 10% of their salary and directors to contribute up to $10 per year. Under the Purchase Plan, the Company will contribute 25% of employees' or directors' contributions in the form of common shares if the employee remains employed by the Company or director remains on the Board and has held the original shares for two years from the original purchase date. The Company's contribution in common shares is calculated using the lesser of the original common share value at the original purchase date and at the date of the Company's contribution. During the nine-month period ended September 30, 2021, the Company issued 46,967 shares (2020: 30,025 shares) under the Purchase Plan for a total of $247 (2020: $208).

[iii] NCIB

On July 10, 2020, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB. Under the terms of the NCIB, Knight may purchase for cancellation up to 10,856,710 common shares of the Company which represented 10% of its public float as at July 6, 2020. The NCIB commenced on July 14, 2020 and ended July 13, 2021.

On July 12, 2021, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2021 NCIB"). Under the terms of the 2021 NCIB, Knight may purchase for cancellation up to 10,267,956 common shares of the Company which represented 10% of its public float as at September 30, 2021. The 2021 NCIB commenced on July 14, 2021 and will end on the earlier of July 13, 2022 or when the Company completes its maximum purchases under the NCIB. Furthermore, Knight entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB. Under Knight's automatic share purchase plan, the broker may purchase common shares which would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods.

During the three and nine-month periods ended September 30, 2021, the Company purchased 2,963,022 and 7,844,438 common shares for an aggregate cash consideration of $17,864 and $40,907, of which $2,503 represents common share purchases from June 2021 that were settled in July 2021. Subsequent to quarter-end, the Company purchased an additional 1,009,725 common shares for an aggregate cash consideration of $5,258.

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

	September 30, 2021	December 31, 2020
	$	$
Net losses on equities at FVOCI net of tax of $808 (2020: $1,331)	**(8,574)**	(8,513)
Unrealized gain on translation of foreign operations	**7,372**	7,010
Total	**(1,202)**	(1,503)

15. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

	Three months ended September 30,		**Nine months ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net (loss) income attributable to shareholders of the Company	**(8,586)**	18,094	**23,976**	33,834
Weighted average shares outstanding	**123,059,239**	130,867,769	**125,946,921**	132,346,922
Basic net (loss) income per share	**$(0.07)**	$0.14	**$0.19**	$0.26

Diluted

Diluted earnings per share have been calculated after adjusting the weighted average number of shares used in the basic calculation to assume the conversion of all potentially dilutive shares. A potentially dilutive share for the Company consists of share options where the exercise price is below the average market price of the Company's shares during the period and the DSUs, PSUs and RSUs issued under Omnibus plan. Diluted earnings per share is determined using the treasury stock method to evaluate the dilutive effect of stock options and DSUs, PSUs and RSUs. PSUs are included in the dilutive calculation only when the performance target associated with the PSU is met.

	Three months ended September 30,		**Nine months ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net (loss) income attributable to shareholders of the Company	**(8,586)**	18,094	**23,976**	33,834
Weighted average shares outstanding	**123,059,239**	130,867,769	**125,946,921**	132,346,922
Adjustment for share options, RSUs and DSUs	**—** [1]	183,451	**23,668**	267,887
Weighted average shares outstanding	**123,059,239**	131,051,220	**125,970,589**	132,614,809
Diluted net (loss) earnings per share	**$(0.07)**	$0.14	**$0.19**	$0.26

[1] *Adjustments for diluted earnings per share have not been included as the share options, RSUs and DSUs are anti-dilutive for the three month period ended September 30, 2021*

16. SEGMENT REPORTING

Upon the acquisition of an additional 48.7% of GBT (resulting in 99.9% ownership of GBT) in August 2020, the Company had one reportable segment, namely the development, acquisition, in-licensing, out-licensing, marketing and distribution of innovative pharmaceutical products, consumer health products and medical devices in Canada and select international markets. This reflects the revised management structure and the way that the chief operating decision-

maker evaluates the business. As a result of the change in ownership, the Company retrospectively revised the segmented information for the comparative period to conform to the new segmented structure.

Geographic Information

The following table represents the revenues per country, based on where the customer is located.

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Revenues				
Brazil	**31,271**	16,020	**79,071**	51,839
Colombia	**13,967**	7,659	**33,464**	25,215
Argentina	**10,418**	8,497	**28,255**	29,686
Rest of LATAM	**12,042**	8,398	**29,463**	25,428
Canada	**2,023**	1,162	**5,313**	3,284
Other[1]	**3,619**	3,503	**9,639**	8,876
Total	**73,340**	45,239	**185,205**	144,328

[1] Includes Europe, US and other countries.

As at September 30, 2021 non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, assets held for sale and other long-term receivables were held in the following geographic areas:

As at September 30, 2021	**Net book value of property, plant and equipment**	**Intangibles, net**	**Goodwill**	**Assets held for sale**	**Right-of-use assets**	**Other long-term receivables**
	$	**$**	**$**	**$**	**$**	**$**
Canada	52	26,015	—	—	302	43,706
Brazil	1,269	30,749	22,172	—	784	—
Argentina	22,344	10,419	13,125	—	2,299	—
Colombia	101	16,657	10,580	1,889	26	—
Uruguay	143	175,853	868	527	125	—
Luxembourg	—	46,402	—	—	—	—
Rest of LATAM	233	53,337	29,254	—	325	—
Total	**24,142**	**359,432**	**75,999**	**2,416**	**3,861**	**43,706**

As at December 31, 2020, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, assets held for sale and other long-term receivables were held in the following geographic areas.

As at December 31, 2020	Net book value of property, plant and equipment	Intangibles, net	Goodwill	Assets held for sale	Right-of-use assets	Other long-term receivables
	$	$	$	$	$	$
Canada	106	27,392	—	—	511	41,582
Brazil	1,519	34,986	23,105	—	1,022	—
Argentina	19,966	10,129	11,270	—	1,712	—
Colombia	360	23,509	11,759	2,012	11	—
Uruguay	176	1,481	885	—	261	—
Luxembourg	—	—	—	—	—	—
Rest of LATAM	—	59,050	30,706	—	518	—
Other	—	—	—	527	—	—
Total	**22,127**	**156,547**	**77,725**	**2,539**	**4,035**	**41,582**

17. STATEMENT OF CASH FLOWS

Effect on cash flows of changes in working capital and other non-cash balances are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Changes in non-cash working capital:				
Decrease (increase) in				
Trade and other receivables	**(160)**	10,977	**(4,993)**	31,211
Prepaids and deposits	**(567)**	7,661	**1,434**	(1,311)
Inventories	**(19,248)**	(445)	**(19,742)**	1,876
Income taxes receivable	**1,359**	(3,386)	**978**	(3,377)
Increase (decrease) in				
Accounts payable and accrued liabilities	**10,055**	(27,140)	**28,132**	(51,364)
Other liabilities	**672**	33	**738**	66
Income tax payable	**513**	(2,273)	**(1,135)**	(5,806)
Other:				
Other Financial Assets	—	(840)	—	(2,269)
Interest payment on bank loans	**(204)**	(8)	**(1,323)**	(1,321)
	(7,580)	(15,421)	**4,089**	(32,295)

18. RELATED PARTY TRANSACTIONS

Pharmascience Inc., a company related to the Company's CEO, provided administrative services of approximately $17 and $62 (2020: $5 and $13) to the Company for the three and nine-month periods ended September 30, 2021.

19. COMMITMENTS

In the normal course of business, the Company secures development, sales, marketing and distribution rights to innovative drug products requiring royalties or product payments considered normal operating commitments and as such not included herein. The Company has entered into various agreements which include contractual commitments extending beyond the current year. These commitments are classified into three major categories: Fund commitments, milestones and purchase commitments, and loan commitments. The commitments of the Company as at September 30, 2021 are as follows:

[i] Fund commitments

As at September 30, 2021, under the terms of Company's agreements with life sciences venture capital funds, $24,845 (December 31, 2020: $31,500), including $2,448 [US$1,922] and $6,734 [EUR 4,550] (December 31, 2020: $5,952 [US$4,675] and $7,102 [EUR 4,500]), may be called over the life of the funds (based on the closing foreign exchange rates).

[ii] Milestones and purchase commitments

Under certain agreements, Knight may have to pay additional consideration should the Company achieve certain sales volumes or if certain milestones are met, such as regulatory approval in Canada or LATAM. The Company may have to pay up to $318,747 including $43,220 [US$34,155], $144,999 [CHF 98,800] and $524 [EUR 385] upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $1,004 [EUR 738], of inventory for pharmaceutical products during the five-year period after their respective commercial launch. For products that are currently launched, the Company has committed to inventory purchases of $296,354 [BRL 787,865, USD 65,961 and CHF 18,793], which will be purchased over the next 8 years.

	$
2021	41,806
2022	50,201
2023	59,541
2024	62,797
2025	50,841
2026 and beyond	31,168
Total	**296,354**

Furthermore, Knight has committed to certain sales force and marketing spend obligations during the five-year period after the commercial launch of one of its products.

[iii] Loan commitments

Subject to the Moksha8 Financing Agreement, Knight has committed to loan up to an additional $10,830 [US$8,500] should the borrower meet certain pre-defined profitability targets over its 2020 to 2021 financial years.

Stock Exchange Listing
Toronto Stock Exchange
Trading Symbol: GUD

Transfer Agent
AST Trust Company
2001, boul. Robert-Bourassa, Bureau 1600
Montreal, Quebec H3A 2A6
T: 1 (800) 387-0825

Investor Relations
Samira Sakhia
President and Chief Executive Officer
T: (514) 484-4483

Arvind Utchanah
Chief Financial Officer
T: (514) 484-4483

E-mail: info@gudknight.com

Head Office and Registered Office
Knight Therapeutics Inc.
3400 De Maisonneuve W., Suite 1055
Montreal, Quebec H3Z 3B8
T: (514) 484-4483
F. (514) 481-4116