# KNIGHT THERAPEUTICS INC.

## Management's Discussion and Analysis

## For the three-months ended March 31, 2022

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-months ended March 31, 2022. This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three-months ended March 31, 2022 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, 2021. Knight's unaudited interim condensed consolidated financial statements as at and for the three-months ended March 31, 2022 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 May 11, 2022. 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 |
|---|---|
| Q1-22 | First quarter of 2022 |
| Q4-21 | Fourth quarter of 2021 |
| 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 |

| Abbreviation | Company |
|---|---|
| 60P | $60^{o}$ Pharmaceuticals LLC |
| Advaxis | Advaxis Pharmaceuticals Inc. |
| Alimera | Alimera Sciences Inc. |
| Antibe | Antibe Therapeutics Inc. |
| Ardelyx | Ardelyx, Inc. |
| Basilea | Basilea Pharmaceuticals Ltd. |
| 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. |
| REPL | Replimune Group, Inc. |
| Sectoral | Sectoral Asset Management Inc. |
| SGS | Singular Genomics Systems, 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 |
| 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 |

| Abbreviation | Financial (continued) |
|---|---|
| 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 |
| BGx | Branded Generic Pharmaceutical Product |
| CEO | Chief executive officer |
| CRA | Canada Revenue Agency |
| DSU | Deferred share units |
| ECL | Expected credit loss |
| ERP | Enterprise Resource Planning |
| HCC | Unresectable hepatocellular carcinoma |
| HCV | Human hepatitis virus infection |
| HIV | Human immunodeficiency virus infection |
| HMO | Health Maintenance Organization |
| 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 |
| RR-DTC | Radioiodine refractory differentiated thyroid cancer |
| 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 – Q1-22 Highlights

### Financial Results

- Revenues were $63,807, an increase of $17,738 or 39% over the same period in prior year.
- Gross margin of $32,477 or 51% compared to $20,580 or 45% in the same period in prior year.
- Adjusted EBITDA[1] was $13,312, an increase of $7,732 or 139% over the same period in prior year.
- Net loss on financial assets measured at fair value through profit or loss of $16,363, of which $16,281 was unrealized.
- Net loss was $18,811, compared to net income of $3,558 in the same period in prior year.
- Cash inflow from operations was $12,879, compared to a cash inflow from operations of $17,207 in the same period in prior year.

### Corporate Developments

- Purchased 1,734,305 common shares through Knight's NCIB at an average price of $5.29 for an aggregate cash consideration of $9,183.
- Hired Leopoldo Bosano as VP Manufacturing and Operations.

### Products

- Launched Lenvima® and Rembre® in Colombia in February 2022.
- Launched Halaven® in Colombia in March 2022.

### Subsequent to quarter-end

- Shareholders re-elected Jonathan Ross Goodman, Samira Sakhia, James C. Gale, Robert N. Lande, Michael J. Tremblay, Nicolás Sujoy and Janice Murray on the Board of Directors
- Purchased an additional 893,414 common shares through NCIB for an aggregate cash consideration of $4,760.

[1] *Adjusted EBITDA is a non-GAAP measure, refer to section "Non-GAAP measures" and "Reconciliation to adjusted EBITDA" 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 integration of GBT was complex due to its operations in ten different countries and has been further complicated due to COVID-19 restrictions.

Knight's integration efforts included changes to the Company's structure & teams, implementation of processes as well as multiple global systems. The Company made organizational and restructuring changes including in the executive and senior management teams. During 2022, integration and optimization efforts will be focused on implementation of ERP in the rest of Latin America excluding Argentina, the implementation of quality management systems and the optimization of our manufacturing teams. The Company expects that the integration of GBT will be substantially completed during 2022.

# 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 three-months ended March 31 using the following general price indexes:

| | January | February | March |
|---|---|---|---|
| **2022** | 1.12 | 1.07 | 1.00 |
| **2021** | 1.09 | 1.05 | 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 loss would be as follows:

**Q1-22**

| | Reported under IFRS | Excluding impact of IAS 29[1] | Variance $[2] | %[3] |
|---|---|---|---|---|
| Revenues | 63,807 | 63,834 | (27) | 0% |
| Cost of goods sold | 31,330 | 30,023 | (1,307) | 4% |
| **Gross margin** | **32,477** | 33,811 | (1,334) | 4% |
| *Gross margin (%)* | **51%** | *53%* | | |
| **Expenses** | | | | |
| Selling and marketing | 9,690 | 9,699 | 9 | 0% |
| General and administrative | 8,832 | 8,545 | (287) | 3% |
| Research and development | 2,983 | 2,842 | (141) | 5% |
| Amortization of intangible assets | 11,288 | 10,873 | (415) | 4% |
| **Operating (loss) income** | **(316)** | 1,852 | (2,168) | 117% |

[1] *Financial results excluding the impact of hyperinflation is a non-GAAP measure. Refer to section "Non-GAAP measures" for additional details.*
[2] *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*
[3] *Percentage change is presented in absolute values*

**Q1-21**

| | Reported under IFRS | Excluding impact of IAS 29[1] | Variance $[2] | %[3] |
|---|---|---|---|---|
| Revenues | 46,069 | 46,082 | (13) | 0% |
| Cost of goods sold | 25,489 | 24,376 | (1,113) | 5% |
| **Gross margin** | **20,580** | **21,706** | (1,126) | 5% |
| *Gross margin (%)* | **45%** | **47%** | | |
| **Expenses** | | | | |
| Selling and marketing | 7,613 | 7,614 | 1 | 0% |
| General and administrative | 7,082 | 6,874 | (208) | 3% |
| Research and development | 2,818 | 2,770 | (48) | 2% |
| Amortization of intangible assets | 5,302 | 5,086 | (216) | 4% |
| **Operating loss** | **(2,235)** | **(638)** | (1,597) | 250% |

[1] *Financial results excluding the impact of hyperinflation is a non-GAAP measure. Refer to section "Non-GAAP measures" for additional details.*
[2] *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*
[3] *Percentage change is presented in absolute values*

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

## 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:

| Rates | Q1-22 | Q4-21 | Q3-21 | Q2-21 | Q1-21 | Q4-20 | Q3-20 | Q2-20 |
|---|---|---|---|---|---|---|---|---|
| BRL | 4.12 | 4.44 | 4.15 | 4.30 | 4.32 | 4.14 | 4.08 | 3.88 |
| ARS | 84.1 | 79.7 | 77.2 | 76.46 | 69.9 | 61.3 | 54.9 | 48.7 |
| COP | 3,093 | 3,080 | 3,058 | 3,012 | 2,812 | 2,809 | 2,801 | 2,778 |
| CLP | 639 | 656 | 614 | 583 | 572 | 584 | 587 | 594 |

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

| Variance (%)[1] | Q1-22 | Q4-21 | Q3-21 | Q2-21 | Q1-21 | Q4-20 | Q3-20 | Q2-20 |
|---|---|---|---|---|---|---|---|---|
| BRL | 7% | -7% | 3% | 0% | -4% | -1% | -5% | -17% |
| ARS | -6% | -3% | -1% | -9% | -14% | -12% | -13% | -6% |
| COP | 0% | -1% | -2% | -7% | 0% | 0% | -1% | -6% |
| CLP | 3% | -7% | -5% | -2% | 2% | 1% | 1% | 1% |

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

## Impact

Exchange rate fluctuations of LATAM currencies impact 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[2] 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 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.

[2] *Financial results at constant currency are non-GAAP measure, refer to section "Non-GAAP measures" for additional details*

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

| | Q1-22 | Q1-21 | Variance | |
|---|---|---|---|---|
| | *Excluding impact of IAS 29[1]* | | | |
| | | *Constant Currency[2]* | **$[3]** | **%[4]** |
| Revenues | **63,834** | 45,631 | 18,203 | 40% |
| Cost of goods sold | **30,023** | 24,230 | (5,793) | 24% |
| **Gross margin** | **33,811** | 21,401 | 12,410 | 58% |
| *Gross margin (%)* | ***53%*** | *47%* | | |
| **Expenses** | | | | |
| Selling and marketing | **9,699** | 7,568 | (2,131) | 28% |
| General and administrative | **8,545** | 6,853 | (1,692) | 25% |
| Research and development | **2,842** | 2,764 | (78) | 3% |
| Amortization of intangible assets | **10,873** | 4,983 | (5,890) | 118% |
| **Operating income (loss)** | **1,852** | (767) | 2,619 | 341% |
| **EBITDA[5]** | **13,312** | 4,503 | 8,809 | 196% |
| **Adjusted EBITDA[5]** | **13,312** | 4,922 | 8,390 | 170% |

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

The financial results under IFRS reconcile to the financial results at constant currency as follows:

| | Q1-21 | | | |
|---|---|---|---|---|
| | *Reported under IFRS* | *IAS 29 Adjustment* | *Constant Currency Adjustment* | *Constant Currency[1]* |
| Revenues | 46,069 | 13 | (451) | 45,631 |
| Cost of goods sold | 25,489 | (1,113) | (146) | 24,230 |
| **Gross margin** | 20,580 | 1,126 | (305) | 21,401 |
| | 45% | | | *47%* |
| **Expenses** | | | | |
| Selling and marketing | 7,613 | 1 | (46) | 7,568 |
| General and administrative | 7,082 | (208) | (21) | 6,853 |
| Research and development | 2,818 | (48) | (6) | 2,764 |
| Amortization of intangible assets | 5,302 | (216) | (103) | 4,983 |
| **Operating loss** | (2,235) | 1,597 | (129) | (767) |

[1] *Financial results at constant currency are non-GAAP measure, refer to section "Non-GAAP measures" for additional details*

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

## Consolidated Statement of (Loss) Income

| | | | Change | |
|---|---|---|---|---|
| | **Q1-22** | Q1-21 | **$[1]** | **%[2]** |
| Revenues | **63,807** | 46,069 | 17,738 | 39% |
| Cost of goods sold | **31,330** | 25,489 | (5,841) | 23% |
| **Gross margin** | **32,477** | 20,580 | 11,897 | 58% |
| *Gross margin (%)* | **51%** | 45% | | |
| **Expenses** | | | | |
| Selling and marketing | **9,690** | 7,613 | (2,077) | 27% |
| General and administrative | **8,832** | 7,082 | (1,750) | 25% |
| Research and development | **2,983** | 2,818 | (165) | 6% |
| Amortization of intangible assets | **11,288** | 5,302 | (5,986) | 113% |
| **Operating (loss)** | **(316)** | (2,235) | 1,919 | 86% |
| Interest income on financial instruments measured at amortized cost | **(346)** | (886) | (540) | 61% |
| Other interest income | **(1,134)** | (1,112) | 22 | 2% |
| Interest expense | **1,111** | 660 | (451) | 68% |
| Other expense (income) | **90** | (112) | (202) | 180% |
| Net loss (gain) on financial assets measured at fair value through profit or loss | **16,363** | (9,473) | (25,836) | 273% |
| Foreign exchange loss | **6,189** | 4,201 | (1,988) | 47% |
| (Gain) Loss on hyperinflation | **(277)** | 60 | 337 | 562% |
| **(Loss) income before income taxes** | **(22,312)** | 4,427 | (26,739) | 604% |
| **Income tax** | | | | |
| Current | **173** | 648 | 475 | 73% |
| Deferred | **(3,674)** | 221 | 3,895 | 1762% |
| **Income tax (recovery) expense** | **(3,501)** | 869 | 4,370 | 503% |
| **Net (loss) income for the period** | **(18,811)** | 3,558 | (22,369) | 629% |
| **Attributable to shareholders of the Company** | | | | |
| Basic net (loss) earnings per share | **(0.16)** | 0.03 | (0.19) | 633% |
| Diluted net (loss) earnings per share | **(0.16)** | 0.03 | (0.19) | 633% |
| **Adjusted EBITDA[3]** | **13,312** | 5,580 | 7,732 | 139% |

*[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] Adjusted EBITDA is a non-GAAP measure, refer to section "Non-GAAP measures" and "Reconciliation to adjusted EBITDA" for additional details*

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

**Q1-22 vs Q1-21**

**Revenues**

For the quarter ended March 31, 2022, excluding the impact of hyperinflation, revenues increased by $17,752 or 39% compared to the same period in prior year. The growth in revenues excluding the impact of hyperinflation is explained as following:

- An increase in revenues of $7,059 driven by the acquisition of Exelon®.
- The remainder of the increase is driven by the growth and market penetration of our key promoted brands as well as an increase in patient treatments as our markets reduce COVID-19 restrictions.

***Revenues by therapeutic area***

The Company generated net revenues as follows by therapeutic area:

| | **Q1-22** | **Q1-21** | **Q1-21** | **Change** | |
|---|---|---|---|---|---|
| | *Excluding impact of IAS 29[3]* | *Excluding impact of IAS 29[3]* | *Constant Currency[4]* | *Excluding impact of IAS 29[3]* | |
| **Therapeutic Area** | **$** | **$** | **$** | **$[1]** | **%[2]** |
| Oncology/Hematology | **23,816** | 18,556 | **18,235** | 5,260 | 28% |
| Infectious Diseases | **26,682** | 20,876 | **21,313** | 5,806 | 28% |
| Other Specialty | **13,336** | 6,650 | **6,083** | 6,686 | 101% |
| **Total** | **63,834** | 46,082 | **45,631** | 17,752 | 39% |

[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*
[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details.*
[4] *Revenues at constant currency is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details*

The increases in revenues in the Oncology/Hematology and Infectious Diseases thereapeutic areas are driven by the growth and market penetration of our key promoted brands as well as an increase in patient treatments as our markets reduce COVID-19 restrictions while the increase in in the Other Specialty therapeutic area is driven by the acquisition of Exelon®.

**Gross margin**

- For the quarter ended March 31, 2022, gross margin increased from 45% to 51% explained by a change in product mix as well as the acquisition of Exelon® and related revenues recorded as a net profit transfer.
- The gross margin would have been 53% versus 51% (Q1-21: 47% to 45%) excluding the impact of IAS 29. Refer to "Impact of Hyperinflation" above for further details.

**Selling and marketing**

- For the quarter ended March 31, 2022, S&M increased by $2,077 or 27% driven by an increase in certain variable costs such as logistics fees, compensation as well as an increase in selling and marketing activities related to key promoted products and Exelon®.

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

| | |
|---|---|
| **General and administrative** | • For the quarter ended March 31, 2022, G&A increased by $1,750 or 25% driven by increase in compensation expense and certain consulting and professional fees. |
| **Research and development expenses** | • No significant variance |
| **Amortization of intangible assets** | • For the quarter ended March 31, 2022, amortization of intangible assets increased by $5,986 due to the acquisition of Exelon®. |
| **Interest income** | • Includes "Interest income on financial instruments measured at amortized cost" and "Other interest income".<br>• Primarily from interest earned on loans, cash and cash equivalents, marketable securities and accretion on loans receivable.<br>• Interest income for Q1-22 was $1,480, a decrease of 26% or $518, compared to the same period in prior year due to a lower average cash and marketable securities balances and loan balance. |
| **Interest Expense** | • Interest expense for the three-month period ended March 31, 2022 increased by $451 or by 68%, 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. |
| **Net gain or loss on financial assets measured at fair value through profit or loss** | • Net loss on financial assets measured at fair value through profit and loss of $16,363 is mainly driven by negative mark-to-market adjustments as a result of the decline in the share prices of the publicly-traded equities of our strategic fund investments due to general market conditions.<br>• Refer to Section 10 for further information. |
| **Foreign exchange loss** | • The foreign exchange loss in Q1-22 is mainly driven by the unrealized losses due to the appreciation of the CAD vs. the USD and EURO.<br>• The foreign exchange loss in Q1-21 is mainly driven by the unrealized losses on our financial assets including our cash balances due to the appreciation of the CAD vs. the USD and EURO. |
| **Gain (loss) on hyperinflation** | • Relates to gain (loss) on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to "Impact of Hyperinflation" below for further details.<br>• Refer to note 2.3 in the Annual Financial Statements for further details on hyperinflation accounting. |
| **Income tax expense** | • The income tax recovery for Q1-22 is driven by the recognition of certain deferred tax assets due tax losses generated and timing differences related to our financial assets.<br>• The income tax expense for Q1-21 is mainly due to current tax expense in connection with the results of the operations and an increase in deferred tax expense from temporary difference movements. |

## Non-GAAP measures

The Company discloses non-GAAP 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. Non-GAAP 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-GAAP measures:

**Revenues and Financial results excluding the impact of hyperinflation under IAS 29**: Revenues and financial results under IFRS are adjusted to remove the impact of hyperinflation under IAS 29. Impact of hyperinflation under IAS 29 is calculated by applying an appropriate general price index to express the effects of inflation. After applying the effects of translation, the statement of income is converted using the closing foreign exchange rate of the month.

**Revenues and Financial results at constant currency**: Revenues/financial results at constant currency are obtained by translating the prior period revenues/financial 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 revenues/results at the average exchange rate in effect for each of the periods.

Revenues/financial results at constant currency allow revenues/financial 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 revenues/financial 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.

**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.

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

## Reconciliation to adjusted EBITDA

For the three-months ended March 31, 2022, the Company calculated EBITDA and adjusted EBITDA as follows:

| | | | Change | |
|---|---|---|---|---|
| | **Q1-22** | Q1-21 | **$[1]** | **%[2]** |
| **Operating (loss)** | **(316)** | (2,235) | 1,919 | 86% |
| Adjustments to operating (loss): | | | | |
| Amortization of intangible assets | **11,288** | 5,302 | 5,986 | 113% |
| Depreciation of property, plant and equipment and ROU assets | **2,093** | 1,406 | 687 | 49% |
| Lease costs (IFRS 16 adjustment) | **(646)** | (694) | 48 | 7% |
| Impact of IAS 29 | **893** | 1,381 | (488) | 35% |
| **EBITDA[3]** | **13,312** | 5,160 | 8,152 | 158% |
| Acquisition and transaction costs | — | 350 | (350) | 100% |
| Other non-recurring expenses | — | 70 | (70) | 100% |
| **Adjusted EBITDA[3]** | **13,312** | 5,580 | 7,732 | 139% |

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

### *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.<br>• During the three-month period ended March 31, 2021, the Company incurred expenses of $350 related to acquisition of Exelon®. |
| **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.<br><br>For the three-month period ended March 31, 2021, the Company incurred non-recurring costs of $70 related to restructuring activities including severance to certain employees as part of restructuring and integration of GBT. |

### *Adjusted EBITDA Q1-22 vs Q1-21*

For the three-month period ended March 31, 2022 adjusted EBITDA increased by $7,732 or 139%. The growth in adjusted EBITDA is driven by an increase in gross margin of $11,897 offset by an increase in operating expenses.

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

# 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. The depreciation of the LATAM currencies resulted in a loss on translation of the Company's subsidiaries which is reflected in the statement of comprehensive income. Such loss was offset by the gain from the restatement of equity components of the Company's subsidiaries in Argentina as a result of hyperinflation accounting under IAS 29.

| Rates | Q1-22 | Q4-21 | Q3-21 | Q2-21 | Q1-21 |
|---|---|---|---|---|---|
| BRL | 3.80 | 4.40 | 4.25 | 4.03 | 4.52 |
| ARS | 88.72 | 80.88 | 77.65 | 77.18 | 73.05 |
| COP | 3,012 | 3,195 | 3,012 | 3,040 | 2,950 |
| CLP | 631 | 671 | 638 | 589 | 576 |

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

| Variance (%)[1] | Q1-22 | Q4-21 | Q3-21 | Q2-21 |
|---|---|---|---|---|
| BRL | 14% | -4% | -5% | 11% |
| ARS | -10% | -4% | -1% | -6% |
| COP | 6% | -6% | 1% | -3% |
| CLP | 6% | -5% | -8% | -2% |

*[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 | |
|---|---|---|---|---|
| | **03-31-22** | 12-31-21 | **$** | **%[1]** |
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash and cash equivalents | **113,457** | 85,963 | 27,494 | 32% |
| Marketable securities | **42,939** | 63,539 | (20,600) | 32% |
| Trade receivables | **66,868** | 55,388 | 11,480 | 21% |
| Other receivables | **9,468** | 5,056 | 4,412 | 87% |
| Inventories | **76,652** | 72,397 | 4,255 | 6% |
| Prepaids and deposits | **2,619** | 2,165 | 454 | 21% |
| Other current financial assets | **14,001** | 13,491 | 510 | 4% |
| Income taxes receivable | **5,007** | 6,970 | (1,963) | 28% |
| **Total current assets** | **331,011** | 304,969 | 26,042 | 9% |
| Prepaids and deposits | **3,298** | 3,046 | 252 | 8% |
| Right-of-use assets | **5,379** | 4,671 | 708 | 15% |
| Property, plant and equipment | **25,901** | 25,265 | 636 | 3% |
| Investment properties | **1,535** | 1,457 | 78 | 5% |
| Intangible assets | **343,480** | 350,299 | (6,819) | 2% |
| Goodwill | **80,749** | 75,403 | 5,346 | 7% |
| Other financial assets | **155,391** | 178,952 | (23,561) | 13% |
| Deferred income tax assets | **3,136** | 2,048 | 1,088 | 53% |
| Other long-term receivables | **43,653** | 43,431 | 222 | 1% |
| | **662,522** | 684,572 | (22,050) | 3% |
| Assets held for sale | **1,889** | 2,350 | (461) | 20% |
| **Total assets** | **995,422** | 991,891 | 3,531 | 0% |

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

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

| | | | Change | |
|---|---|---|---|---|
| | **03-31-22** | 12-31-21 | **$** | **%[1]** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | **77,944** | 65,309 | 12,635 | 19% |
| Lease liabilities | **1,677** | 1,614 | 63 | 4% |
| Other liabilities | **2,133** | 1,989 | 144 | 7% |
| Bank loans | **31,140** | 26,662 | 4,478 | 17% |
| Income taxes payable | **5,407** | 7,073 | (1,666) | 24% |
| Other balances payable | **3,016** | 2,655 | 361 | 14% |
| **Total current liabilities** | **121,317** | 105,302 | 16,015 | 15% |
| | | | | |
| Accounts payable and accrued liabilities | **239** | 281 | (42) | 15% |
| Lease liabilities | **4,086** | 3,417 | 669 | 20% |
| Bank loan | **9,885** | 9,265 | 620 | 7% |
| Other balances payable | **19,447** | 19,235 | 212 | 1% |
| Deferred income tax liabilities | **10,869** | 12,373 | (1,504) | 12% |
| **Total liabilities** | **165,843** | 149,873 | 15,970 | 11% |
| | | | | |
| **Shareholders' Equity** | | | | |
| Share capital | **619,675** | 628,854 | (9,179) | 1% |
| Warrants | **117** | 117 | — | 0% |
| Contributed surplus | **22,161** | 21,776 | 385 | 2% |
| Accumulated other comprehensive loss | **14,706** | (376) | 15,082 | 4011% |
| Retained earnings | **172,920** | 191,647 | (18,727) | 10% |
| **Total shareholders' equity** | **829,579** | 842,018 | (12,439) | 1% |
| **Total liabilities and shareholders' equity** | **995,422** | 991,891 | 3,531 | 0% |

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

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

| | 03-31-22 vs 12-31-21 |
|---|---|
| **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 $11,480 or 21%, mainly due to growth in revenues in Q1-22 compared to Q4-21 and the appreciation of select LATAM currencies. |
| **Other receivables (current)** | • Other receivables increased by $4,412, or 87% mainly due to a distribution receivable from strategic funds investments of $4,230.<br>• Refer to note 6 in the Interim Financial Statements for further details. |
| **Inventories** | • Inventories increased by $4,255, or 6% mainly due timing of inventory purchases. |
| **Other financial assets (current and long term)** | Other financial assets decreased by $23,051, or 12%, explained by the following:<br>**Loans and other receivable:** No significant increase.<br>**Equity investments and Derivatives:** decrease of $1,440 or 18% driven by the disposal of equity investments during the period and the revaluation of equity investments and derivatives. Refer to note 8 in the Interim Financial Statements for further information.<br>**Funds:** decrease of $22,307 due to negative mark-to-market adjustments of $16,660 driven by the decline in the share prices of the publicly-traded equities of our strategic fund investments due to general market conditions, distributions received and receivable of $4,123 and foreign exchange losses of $1,835, offset by capital calls of $311.<br>Refer to Section 10 for further information on Knight's strategic investments. |
| **Income tax receivable** | • No significant variance. |
| **Intangible assets** | • Decrease mainly due to the amortization during the period. |
| **Goodwill** | • Increase due to the appreciation of the LATAM currencies during the period. |
| **Deferred income tax asset** | • Increase is mainly explained by additional deferred tax due tax losses generated and certain temporary differences. |
| **Other receivables (long-term)** | • Decrease mainly due to timing of income tax installments. |
| **Accounts payable and accrued liabilities (current and long term)** | • Increase in accounts payable and accrued liabilities balance by $12,635, or 19%, mainly driven by the following:<br>o Increase of trade accounts payable related to the timing of purchases for certain products.<br>o Increase of $2,520 related to payables for shares purchased under NCIB. |

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

| | 03-31-22 vs 12-31-21 |
|---|---|
| **Bank loans (current and long term)** | • Increase in bank loans by $5,098 or 14% due to appreciation of BRL and COP vs. CAD.<br>• For further details on the bank loans held by Knight, refer to Section 7. |
| **Income tax payable** | • No significant variance. |
| **Other balances payable (current and long term)** | • No significant variance. |
| **Deferred income tax liability** | • Decrease is mainly explained by foreign exchange revaluations and certain timing differences. |
| **Share capital** | • Decrease due to the purchase of Knight's common shares though the NCIB.<br>• Refer to note 12 (iii) in the Interim Financial Statements for further information. |
| **Contributed surplus** | • Increase related to share-based compensation expense.<br>• Refer to the statement of changes in equity and note 12 (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.<br>• Refer to the consolidated statement of changes in equity in the Interim Financial Statements for further information. |

## 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. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at March 31, 2022 is estimated at $2,184 and has not been recorded by the Company.

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

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

Although Knight believes its tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from historical income tax provisions and accruals.

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

## 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 | |
|---|---|---|---|---|
| | **Q1-22** | Q1-21 | **$** | **%**[1] |
| Net cash from operating activities | **12,879** | 17,207 | (4,328) | 25% |
| Net cash from investing activities | **20,818** | 55,920 | (35,102) | 63% |
| Net cash from financing activities | **(6,812)** | (28,027) | 21,215 | 76% |
| Increase in cash and cash equivalents during the period | **26,885** | 45,100 | (18,215) | 40% |
| Net foreign exchange difference | **609** | (3,474) | 4,083 | 118% |
| Cash and cash equivalents beginning of the period | **85,963** | 229,592 | (143,629) | 63% |
| Cash and cash equivalents, end of the period | **113,457** | 271,218 | (157,761) | 58% |
| Marketable securities, end of the period | **42,939** | 111,163 | (68,224) | 61% |
| Cash and cash equivalents, and marketable securities, end of the period | **156,396** | 382,381 | (225,985) | 59% |
| Cash and cash equivalents, net of bank loans | **72,432** | 233,026 | (160,594) | 69% |

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

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

| | Q1-22 | Q1-21 |
|---|---|---|
| **Net cash from operating activities** | Primarily relates to cash generated through revenues 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, other income, deferred other income, and net changes in non-cash balances relating to operations.<br><br>For the three-month period ended March 31, 2022, cash inflow from operations was $12,879 driven by the operating results adjusted for non-cash items such as depreciation and amortization offset by an increase in working capital of $2,219. Refer to note 16 for further details on the changes in the working capital.<br><br>Furthermore, the net cash from operating activities included an inflow of $1,154 related to net interest received mainly driven by the timing of maturity of marketable securities. | For the three-month period ended March 31, 2021, cash inflow from operations was $17,207 driven by the operating income adjusted for non-cash items such as depreciation and amortization offset by a decrease in working capital of $10,305. The increase in working capital is mainly due to:<br><br>• increase in inventory net of increase in accounts payable of $420 due to purchases of certain infectious diseases products;<br>• increase in income taxes receivables net of decrease in certain tax liabilities of $507;<br>• offset by changes in cash inflows of $11,104 generated by lower accounts receivable as a result of controls implemented on collection of receivables.<br><br>Furthermore, the net cash from operating activities included an inflow of $3,717 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 16 in the Interim Financial Statements. |
| **Net cash from investing activities** | For the three-month period ended March 31, 2022, cash flows were mainly driven by:<br><br>• investment in funds of $40;<br>• acquisition of intangibles and property and equipment of $287.<br>• net proceeds on marketable securities of $20,738;<br>• net proceeds from loan receivables of $407 | For the three-month period ended March 31, 2021, cash flows were mainly driven by:<br><br>• net proceeds on marketable securities of $51,364;<br>• net proceeds from disposals of equity investments of $2,624;<br>• acquisition of intangibles and property and equipment of $816, and<br>• distributions from life sciences funds of $4,336 offset by investment in funds of $1,588; |
| **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:

**As at March 31, 2022**

| | Currency of debt | Interest rate | Effective interest rate | Maturity | Current $ | Non-current $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Banks** | | | | | | | |
| Itaú Unibanco Brasil | BRL | 1.65% + CDI | 11.89% | Dec 8, 2023 | **17,924** | — | **17,924** |
| Itaú Unibanco Brasil | BRL | 2.20% + CDI | 12.44% | Dec 28, 2022 | **6,764** | — | **6,764** |
| Bancolombia | COP | 2.28% + IBR | 5.46% | Oct 12, 2026 | **2,761** | **9,885** | **12,646** |
| Banco ICBC Argentina[1] | ARS | 43%[2] | 43% | N/A | **692** | — | **692** |
| Banco Itaú Argentina[1] | ARS | 41%[3] | 41% | N/A | **2,999** | — | **2,999** |
| **Total Bank Loans** | | | | | **31,140** | **9,885** | **41,025** |

*[1] Overdraft balances*
*[2] Fixed rate renewed monthly*
*[3] Fixed rate renewed daily*

**As at December 31, 2021**

| | Currency of debt | Interest rate | Effective interest rate | Maturity | Current $ | Non-current $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Banks** | | | | | | | |
| Itaú Unibanco Brasil | BRL | 1.65% + CDI | 5.97% | Dec 8, 2023 | 15,028 | — | 15,028 |
| Itaú Unibanco Brasil | BRL | 2.20% + CDI | 11.35% | Dec 28, 2022 | 5,601 | — | 5,601 |
| Bancolombia | COP | 2.28% + IBR | 4.47% | Oct 12, 2026 | 2,448 | 9,265 | 11,713 |
| Banco ICBC Argentina[1] | ARS | 42%[2] | 42% | N/A | 694 | — | 694 |
| Banco Itaú Argentina[1] | ARS | 40%[3] | 40% | N/A | 2,891 | — | 2,891 |
| Total Bank Loans | | | | | 26,662 | 9,265 | 35,927 |

*[1] Overdraft balances*
*[2] Fixed rate renewed monthly*
*[3] Fixed rate renewed daily*

# 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.

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

***1. Acquisition of products, portfolios and companies***

Knight is pursuing the acquisition of innovative products including portfolios that have been launched and marketed primarily by large pharmaceutical companies for a number of years. The acquisition of legacy products from global pharmaceutical is accretive to Knight's profitability and represents an opportunity to build a portfolio of owned assets with valuable and well-established brands. The acquisition of Exelon®, completed during 2021, is an example of the execution of this strategy. 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***

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 as well as in-licensing branded generics for certain LATAM territories.

***Prescription Pharmaceutical Products***

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

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

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

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

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

## Oncology/Hematology

***Tafasitamab and Pemigatinib***

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

Tafasitamab in combination with lenalidomide is approved in the United States and Europe for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma ("DLBCL") who are not eligible for autologous stem cell transplant (ASCT). DLBCL is the most common type of non-Hodgkin lymphoma, and there are approximately 12,000 - 16,000 new cases of DLBCL each year in Latin America[3,4].

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%[5] 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[3,6]. Knight expects to submit tafasitamab in key LATAM countries in 2022 and pemigatinib in 2023.

***Nerlynx®***

On January 9, 2019, Knight entered into an exclusive license agreement with Puma for the exclusive right to commercialize Nerlynx® (neratinib) in Canada. On July 16, 2019, Nerlynx® was approved by Health Canada for the extended adjuvant treatment of women with early stage hormone receptor positive and HER2-overexpressed/amplified breast cancer following adjuvant trastuzumab-based therapy. On July 6, 2021 Health Canada approved Nerlynx® (neratinib) in combination with capecitabine for the treatment of adult patients with metastatic HER2-overexpressed/amplified breast cancer, who have received two or more prior anti-HER2-based regimens in the metastatic setting. In December 2019 pERC published their final report recommending that Nerlynx® should not be reimbursed through the public drug plans. Knight launched NERLYNX® at the end of 2019 and is focused on ensuring access to patients. Nerlynx® is now covered by several private insurance companies in Canada. According to IQVIA data, Nerlynx® sales in Canada were $386 for the three-month period ended March 31, 2022, which represents a growth of 13% compared to the same period in prior year.

***Trelstar®***

On January 8, 2020, Knight announced that it had 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 $877 for the three-month period ended March 31, 2022, which represents a growth of 53% compared to the same respective period in prior year.

[3] *Globocan 2020.*

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

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

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

***Vidaza®***

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

***Abraxane®***

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

***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[7] for advanced disease. Prior therapy should have included an anthracycline and a taxane in either the adjuvant or metastatic setting unless patients were not suitable for these treatments, and (2) the treatment of patients with unresectable soft tissue sarcoma who have received prior chemotherapeutic regimen for advanced or metastatic disease. Halaven® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico. The Company received regulatory approval for Halaven® in Colombia and launched the product in March 2022.

***Lenvima®***

Lenvima® (lenvatinib) is indicated for the following three indications (1) the treatment of adult patients with progressive, locally advanced or metastatic, differentiated (papillary/follicular/Hürthle cell) thyroid carcinoma, refractory to radioactive iodine, (2) the treatment of adult patients with advanced or unresectable hepatocellular carcinoma who have received no prior systemic therapy, and in certain Latam countries for (3) the treatment of adult patients with advanced renal cell carcinoma following one prior anti-angiogenic therapy, in combination with everolimus[8]. Lenvima® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico. The Company received regulatory approval for Lenvima® in Colombia and launched the product in February 2022[9]. Lenvima® was launched in Brazil in April 2018 and Chile in June 2020. According to IQVIA, Lenvima® sales in Brazil were BRL 9,439 [$2,301] for the three-month period ended March 31, 2022 which represents a growth of 74% compared to the same period in prior year.

***Ladevina®***

Ladevina® (lenalidomide) is indicated for (1) the treatment, as a maintenance monotherapy, of patients with newly diagnosed multiple myeloma, who have had an autologous stem cell transplant and, in patients with relapsed or refractory mantle cell lymphoma[8], (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[8], and (4) the treatment, in combination with Dexamethasone and in second line, of multiple myeloma patients who have received at least one prior therapy and have not responded to treatment. Ladevina® is part of Knight's proprietary branded generic portfolio and is commercialized in Argentina, Chile, Colombia, Peru, Ecuador, Bolivia, Paraguay, Uruguay and Central America.

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

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

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

***Zyvalix®***

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

***Karfib®***

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

***Leprid®***

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

***Rembre®***

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

## Infectious Diseases

***AmBisome®***

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

***Cresemba®***

Cresemba® (isavuconazonium sulfate) is an azole antifungal agent indicated for use in adults for the treatment of invasive aspergillosis and invasive mucormycosis. Cresemba® is licensed from Basilea and Knight holds the rights to commercialize the product in Latin America. Cresemba® is commercialized in Argentina, Colombia, Mexico, Chile, Peru. Cresemba® was launched in Mexico in June 2019 and in Brazil in April 2020. According to IQVIA, Cresemba® sales in Brazil were BRL 2,069 [$508] for the three-month period ended March 31, 2022 which represents a growth of 335% compared to the same period in prior year.

***Impavido®***

On February 27, 2014, Knight acquired the worldwide rights to Impavido® (miltefosine) as part of its business separation agreement with Paladin. Impavido® is an oral drug treatment based on miltefosine for the visceral, cutaneous and mucocutaneous leishmaniasis which is caused by a protozoa parasite from over 20 Leishmania species and is approved for

sale in the U.S, Germany, Nepal and Israel. Impavido® was launched in the U.S in March 2016 by Knight's commercialization partner, Profounda.

## Other Specialty Therapeutic Areas

***Exelon®***

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

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

***Ibsrela®***

On March 16, 2018, Knight entered into an exclusive licensing agreement with Ardelyx to commercialize Ibsrela® (tenapanor) in Canada. Ibsrela® is a first-in-class small molecule treatment for IBS-C. Ardelyx received regulatory approval for Ibsrela® from the US FDA in September 2019. On April 17, 2020, the Company announced that Ibsrela® was approved by Health Canada. The Company launched Ibsrela® in March 2021 and has obtained reimbursement with most private insurers across Canada. According to IQVIA data, Ibsrela® sales in Canada were $110 for the three-month period ended March 31, 2022, which represents a growth of 464% compared to the same period in prior year.

***Salofalk®***

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

***Ursofalk™***

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

***Imvexxy™ and Bijuva™***

On July 31, 2018, Knight entered into an exclusive licensing agreement for the commercial rights of Imvexxy™ (estradiol vaginal inserts) and Bijuva™ (estradiol and progesterone) in Canada and Israel. Imvexxy™ is approved 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 Health Canada in September 2020, 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. The Company expects to launch both products in 2023.

***Fibridoner®***

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

***Toliscrin®***

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

The inhaled colistimethate sodium is used in the treatment of airway 31olonization or infection due to Pseudomonas aeruginosa that is resistant to tobramycin. Toliscrin® is part of Knight's proprietary branded generic portfolio.

***Tobradosa Haler®***

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

***Gilead Transition and Termination Agreement***

The Company has entered into a transition and termination agreement with Gilead for a portfolio of HIV and HCV products ("Gilead Amendment"). The portfolio is currently distributed by Knight in one or more of the following countries: Colombia, Peru, Ecuador, Bolivia and Paraguay. As part of the Gilead Amendment, effective July 1, 2022, Knight will distribute the products under a mutually agreed amended commercial and financial terms, until the earlier of April 30, 2023 and the completion of the regulatory, logistical and commercial transition on a per country and product basis. The Gilead Amendment does not impact any products distributed by the Company on behalf of Gilead in Brazil.

***Branded Generics Pipeline***

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

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

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

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

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

## 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 March 31, 2022** | |
|---|---|---|
| **Entity** | **In Source Currency** | **In CAD[1]** |
| Moksha8 | US$11,993 | $14,986 |
| Synergy | US$5,500 | $6,873 |
| 60P[2] | US$6,310 | $7,885 |
| Other strategic loan | US$4,051 | $5,063 |
| **Total** | | **$34,807** |

[1] *Converted at the Bank of Canada closing exchange rates on March 31, 2022*
[2] *Excludes 60P Convertible Debenture received as consideration for loans issued to 60P*

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

As at March 31, 2022, the nominal loan balance outstanding was $34,807 [US$27,854] (December 31, 2021: $33,691 [US$26,574]). The following table summarizes the movement in loans and other receivables during the three-month period ended March 31.

| | Carrying value as at January 1 $ | Additions $ | Loan repayments $ | Net loss on FA $ | Foreign exchange[1] $ | Carrying value end of year $ | Current other financial assets $ | Non-current other financial assets $ |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| Amortized Cost | 6,272 | 1,737 | (407) | — | (110) | 7,492 | 2,512 | 4,980 |
| FVTPL | 26,796 | — | — | (63) | (461) | 26,272 | 7,439 | 18,833 |
| **Total** | **33,068** | **1,737** | (407) | **(63)** | **(571)** | **33,764** | **9,951** | **23,813** |
| | | | | | | | | |
| **2021** | | | | | | | | |
| Amortized Cost | 8,847 | — | — | — | (108) | 8,739 | 5,042 | 3,697 |
| FVTPL | 24,261 | 677 | — | (83) | (304) | 24,551 | 6,118 | 18,433 |
| **Total** | **33,108** | **677** | — | **(83)** | **(412)** | **33,290** | **11,160** | **22,130** |

*[1] During the three-month period ended March 31, 2022, the Company recorded a loss of $451 in the statement of (loss) income in "Foreign exchange loss" (2021: loss of $282) and a loss of $118 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $130)*

## 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 $17,450 remains committed as at March 31, 2022. 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 | 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[2] | 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 March 31, 2022 closing rates total fund commitment would be $131,581)*

*[2] Represents an investment in a debt fund*

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

Since the inception, the Company has invested $147,502 in strategic funds and received distributions of $122,996 on which a gain of $61,635 has been realized. Furthermore, as at March 31, 2022, the fund investments were recorded at their fair value of $129,082 including unrealized gains of $42,941. The following table summarizes the movement in fund investments during the three-month period ended March 31:

| | Carrying value as at January 1 | Additions[1] | Distributions[2,3] | Net (loss) gain on FA | Foreign exchange[4] | Carrying value end of period | Current other financial assets | Non-current other financial assets |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **2022** | **151,389** | **311** | **(4,123)** | **(16,660)** | **(1,835)** | **129,082** | **—** | **129,082** |
| 2021 | 149,736 | 1,588 | (5,650) | 8,536 | (3,152) | 151,058 | 23,696 | 127,362 |

*[1] Investments in equity or debt funds including US$38 and EUR 196 (2021: including US$1,250)*
*[2] Distributions received or receivable from funds including EUR 2,221 (2021: including US$3,475)*
*[3] Includes distribution receivable of $1,425 and EUR 2,025 (2021: $1,314)*
*[4] During the three-month period ended March 31, 2022, recorded a loss of $363 in the statement of (loss) income in "Foreign exchange loss" (2021: loss of $2,022) and a loss of $1,531 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $1,130)*

***Domain Associates LLC***

On May 26, 2021 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. During the three month period ended in March 31, 2022 the Company recorded an unrealized loss of $7,233 [USD 5,715] and a life to date unrealized gain of $6,539 [USD 5,668] in connection with SGS.

***Forbion Capital Partners***

On July 24, 2018 REPL, an investment held within Forbion Capital Partners ("Forbion"), announced the closing of its initial public offering at a public offering price of USD 15 per share. During the three month period ended in March 31, 2022 the Company recorded an unrealized loss of $6,682 [USD 5,280] and a life to date unrealized gain of $8,653 [USD 6,925] in connection with REPL.

# RISK MANAGEMENT

## Section 11

### 11.1 Currency Risk

The Company has significant exposure to foreign currencies of emerging markets in Latin America. Knight 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, Knight 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 Knight to foreign exchange risks which could result in significant fluctuations of the Company's gross margin or net income.

**Currency risks in net financial assets**

Knight holds a significant portion of its net financial assets or liabilities 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

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

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% depreciation of CAD, would result in a change in the consolidated statement of (loss) income or statement of other comprehensive income as follows:

| | $ |
|---|---|
| **Foreign Exchange Risk (5% change)** | |
| USD | **8,394** |
| EUR | **1,286** |
| BRL | **(1,339)** |
| ARS | **(38)** |
| CLP | **153** |
| COP | **(215)** |

## 11.2 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 $135,628 as at March 31, 2022 (December 31, 2021: $159,375). 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. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold. For example, through its strategic fund investment, Knight has recorded life to date unrealized gains on investment in SGS and REPL, refer to Section 10 for further information. However, as at May 10, 2022, SGS's share price closed at USD 3.38 and USD 14.48 respectively. Should the share price of SGS and REPL remain at this level the Company would record an unrealized loss of approximately $4,151 [USD 3,189] and $1,697 [USD 1,304] respectively. The Company's Board of Directors regularly reviews and approves equity investment decisions.

## 11.3 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 8 of the Annual 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 $1,564 over a one-year period.

The Company is exposed to interest rate risks arising from its bank loans. 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 $311 over a one-year period. During the first three months of 2022, the CDI rate in Brazil increased from 9.15% to 11.65% and the IBR has increased from 4.20%to 7.64%. As a result, the effective annual interest rate on the Itaú Unibanco and Bancolombia loans are expected to be higher in Q2-22.

### 11.4 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 March 31, 2022, 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 18 of the Interim Financial Statements.

### 11.5 Credit Risk

The Company considers its maximum credit risk to be $237,307 (December 31, 2021: $243,678) which is the total of the following assets: trade 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:

- one Canadian financial institution
- two 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.

### 11.6 COVID-19 Risk

We continue to monitor the ongoing impact of COVID-19 on our business in areas including but not limited to manufacturing and supply chain operations, regulatory approval process as well as the impact to the pharmaceutical industry, the local and global economy.

As with much of the pharmaceutical industry, the Company's revenues from newly launched products and resulting prescription growth has been adversely affected by COVID-19 in the past two years. However, in Q1-22 we saw an increase in patient treatments as our markets reduce COVID-19 restrictions. The long-term effects, market dynamics, the scope or duration of the financial and other challenges arising from the COVID-19 pandemic cannot be predicted and it is possible that we will continue to see variable demand in future periods.

Despite, our close monitoring of the COVID-19 pandemic impact, including the emergence of variant strains of the virus, on our business, it is difficult to predict the future impact COVID-19 may have on our business, results of operations, financial position and cash flows. Knight's revenues and growth may be negatively impacted as governments implement new or additional pricing regulations as a measure to balance budgets and recover COVID-19 pandemic spending while private payers may face budget constraints and continue to increase hurdle rate for drug reimbursement. Furthermore, our

operating expenses may be negatively impacted by rising inflationary pressures on our operating expenses including but not limited to our compensation costs.

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.

In Q1-22 Knight field teams across most of the countries, have increased field activities including in-person medical visits to physicians and increased volume of such activities is expected in the future. The Company started returning to the office on a country-by-country basis using a hybrid work model following the developed protocols to ensure compliance with local regulations, ensuring safety of employees, patients and healthcare professionals.

### 11.7 Impact of Ukraine Conflict

We do not have any business operations in Ukraine or Russia. As the situation is changing rapidly, it is not possible to predict how the Ukraine conflict will affect global supply chains, commodity prices, the overall economic environment, or financial markets.

While the Ukraine conflict has not resulted in disruption of our supply of raw materials, we are actively monitoring for any potential impacts arising from it. The recent surge in gasoline prices has resulted in higher transportation costs for both inbound and outbound movement of goods. The continued risk surrounding the Ukraine conflict and any escalations may have a material adverse impact on our business, financial condition and results of operations.

### 11.7 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.

### 11.8 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 12 – Selected Quarterly Financial Information

| | Q1-22 | Q4-21 | Q3-21 | Q2-21 | Q1-21 | Q4-20 | Q3-20 | Q2-20 |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **63,807** | 58,273 | 73,340 | 65,796 | 46,069 | 55,191 | 45,239 | 53,250 |
| **Net (loss) income** | **(18,811)** | (8,301) | (8,586) | 29,004 | 3,558 | 8,233 | 17,492 | 15,512 |
| **Adjusted EBITDA** | **13,312** | 5,696 | 17,334 | 9,396 | 5,580 | 1,771 | 4,216 | 7,653 |
| **EPS** | | | | | | | | |
| **Basic** | **(0.16)** | (0.07) | (0.07) | 0.23 | 0.03 | 0.06 | 0.14 | 0.13 |
| **Diluted** | **(0.16)** | (0.07) | (0.07) | 0.23 | 0.03 | 0.06 | 0.14 | 0.13 |
| **Cash, cash equivalents and marketable securities** | **156,396** | 149,502 | 156,029 | 166,121 | 382,381 | 392,225 | 392,352 | 566,837 |
| **Total assets** | **995,422** | 991,891 | 1,037,614 | 1,043,647 | 1,000,795 | 1,039,676 | 1,013,963 | 1,224,748 |
| **Total non-current liabilities** | **44,526** | 44,571 | 32,464 | 36,434 | 35,375 | 39,375 | 32,710 | 33,754 |

## Section 13 – Outstanding Share Data

The table below summarizes the share data:

| As at | May 10, 2022 | March 31, 2022 |
|---|---|---|
| Common Shares | 115,289,117 | 116,545,517 |
| Stock Options | 5,058,809 | 5,070,929 |
| RSUs | 244,781 | 244,781 |
| PSUs | 489,037 | 489,037 |
| DSUs | 29,205 | 29,205 |
| Warrants | 174,228 | 174,228 |

[1] *Excludes 117,444 shares purchased under NCIB but not yet canceled as of May 10, 2022*

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 June 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.

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

| Launch Date | Status | Total Shares Approved for Buy-Back | Shares Purchased | Average Purchase Price ($) | Total Cash Consideration ($) |
|---|---|---|---|---|---|
| July 11, 2019 | Completed | 12,053,693 | 12,053,693 | 7.14 | 86,094 |
| July 14, 2020 | Completed | 10,856,710 | 6,193,169 | 5.33 | 32,991 |
| July 14, 2021 | Active | 10,267,956 | 9,700,586 | 5.25 | 50,888 |
| **Total** | | **33,178,359** | **27,947,448** | **6.08** | **169,973** |

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.

For the three-month period ended March 31, 2022, the Company purchased 1,734,305 (2021: 3,557,340) common shares at an average price of $5.29 (2021: $5.23) for an aggregate cash consideration of $9,183 (2021: 18,592), of which $2,520 remains to be settled as at March 31, 2022. Subsequent to quarter-end up to May 10, 2022, the Company purchased an additional 893,414 common shares at an average purchase price of $5.33 for an aggregate cash consideration of $4,760.

## Section 14 – 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 March 31, 2022, 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 15 – 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 16 – Product Pricing Regulation on Certain Drug Products

For details on pricing regulations in the various markets where Knight operates, refer to Knight Therapeutics Inc., Annual Information Form filed on SEDAR at www.sedar.com.

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

## Section 17 – 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 18 – 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. 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.

## Section 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 March 31, 2022 are as follows:

### [i] Fund commitments

As at March 31, 2022, under the terms of Company's agreements with life sciences venture capital funds, $17,450 (December 31, 2021: $17,785), including $1,885 [US$1,509] and $2,843 [EUR 2,054] (December 31, 2021: $1,913 [US$1,509] and $3,113 [EUR 2,163]), may be called over the life of the funds (based on the closing foreign exchange rates).

As at May 10, 2022, $17,411 remains to be called by life science venture capital funds.

### [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 $318,621 including $45,560 [US$36,460], $133,794 [CHF 98,800] and $762 [EUR 550] (December 31, 2021: up to $322,318, including $46,224 [US$36,460], $137,299 [CHF 98,800] and $792 [EUR 550]) upon achieving certain sales volumes, regulatory or other milestones related to specific products.

As at May 10, 2022, the Company may have to pay up to $320,124 upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $10,850 [EUR 738, CHF 5,412 and USD 2,000] (December 31, 2021:

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

$11,118 [EUR 738, CHF 5,412 and USD 2,000]), 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 $242,866 [BRL 527,620, USD 68,931 and CHF 13,189] (December 31, 2021: $278,793 [BRL 787,865, USD 63,961 and CHF 13,286]), which will be purchased over the next 8 years.

| | $ |
|---|---|
| 2022 | 37,341 |
| 2023 | 54,159 |
| 2024 | 54,908 |
| 2025 | 52,586 |
| 2026 | 11,781 |
| 2027 and beyond | 32,091 |
| **Total** | **242,866** |

As at May 10, 2022, Knight has a commitment to purchase up to $31,256 of inventory for pharmaceutical products during the five-year period after their respective commercial launch, and has committment to purchase $233,019 for products that are currently launched.

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 $6,248 [US$5,000] (December 31, 2021: $6,339 [US$5,000]) should the borrower meet certain pre-defined profitability targets.

## Section 20 – Related Party Transaction

Pharmascience Inc., a company related to the Company's Executive Chairman of the Board of Directors, provided administrative services of approximately $7 (2021: $4) to the Company for the three-month period ended March 31, 2022.

## Section 21 – Segment Reporting

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. This reflects the revised management structure and the way that the chief operating decision-maker evaluates the business.

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

## Geographic Information

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

| Three-month period ended March 31, | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Revenues** | | |
| Brazil | 28,278 | 15,821 |
| Colombia | 11,371 | 8,006 |
| Argentina | 10,595 | 8,419 |
| Rest of LATAM | 8,045 | 8,651 |
| Canada | 2,097 | 1,456 |
| Other[1] | 3,421 | 3,716 |
| **Total** | **63,807** | **46,069** |

[1] *Includes Europe, US and other countries*

As at March 31, 2022 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 March 31, 2022 | Net book value of property, plant and equipment | Intangibles, net | Goodwill | Assets held for sale | Right-of-use assets | Other long-term receivables |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Canada | 30 | 19,458 | — | — | 163 | 43,653 |
| Brazil | 1,639 | 34,114 | 24,811 | — | 1,866 | — |
| Argentina | 23,670 | 10,713 | 14,694 | — | 2,332 | — |
| Colombia | 102 | 10,711 | 10,580 | 1,889 | 21 | — |
| Uruguay | 144 | 174,844 | 1,110 | — | 120 | — |
| Luxembourg | — | 45,286 | — | — | — | — |
| Rest of LATAM | 316 | 48,354 | 29,554 | — | 877 | — |
| **Total** | **25,901** | **343,480** | **80,749** | **1,889** | **5,379** | **43,653** |

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

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, 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 | 40 | 20,155 | — | — | 232 | 43,431 |
| Brazil | 1,264 | 30,318 | 21,446 | — | 725 | — |
| Argentina | 23,411 | 10,931 | 13,886 | — | 2,611 | — |
| Colombia | 100 | 10,889 | 9,975 | 1,826 | 22 | — |
| Uruguay | 136 | 181,244 | 834 | 524 | 179 | — |
| Luxembourg | — | 45,286 | — | — | — | — |
| Rest of LATAM | 314 | 51,476 | 29,262 | — | 902 | — |
| **Total** | **25,265** | **350,299** | **75,403** | **2,350** | **4,671** | **43,431** |

## Section 22 – Significant Accounting Estimates and Assumptions

The preparation of the Company's interim condensed 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 2021 Annual Financial Statements.

## Recent Accounting Pronouncements

The International Accounting Standards Board has issued various pronouncements or IFRS interpretations to accounting and financial reporting standards 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 consolidated financial statements.

## Section 23 – 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 24 – Internal Control Over Financial Reporting (ICFR)

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 disclosure controls and procedures (DC&P) or ICFR will prevent all errors or all fraud.

During the quarter ended March 31, 2022, 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.*

**March 31, 2022**

# INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

| As at | *Notes* | **March 31, 2022** | December 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash and cash equivalents | *3* | **113,457** | 85,963 |
| Marketable securities | *4* | **42,939** | 63,539 |
| Trade receivables | *5* | **66,868** | 55,388 |
| Other receivables | *6* | **9,468** | 5,056 |
| Inventories | *7* | **76,652** | 72,397 |
| Prepaids and deposits | | **2,619** | 2,165 |
| Other current financial assets | *8, 9* | **14,001** | 13,491 |
| Income taxes receivable | | **5,007** | 6,970 |
| **Total current assets** | | **331,011** | 304,969 |
| | | | |
| Prepaids and deposits | | **3,298** | 3,046 |
| Right-of-use assets | | **5,379** | 4,671 |
| Property, plant and equipment | | **25,901** | 25,265 |
| Investment properties | | **1,535** | 1,457 |
| Intangible assets | | **343,480** | 350,299 |
| Goodwill | | **80,749** | 75,403 |
| Other financial assets | *8, 9* | **155,391** | 178,952 |
| Deferred income tax assets | | **3,136** | 2,048 |
| Other long-term receivables | *11* | **43,653** | 43,431 |
| | | **662,522** | 684,572 |
| Assets held for sale | | **1,889** | 2,350 |
| **Total assets** | | **995,422** | 991,891 |

# INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

| As at | *Notes* | **March 31, 2022** | December 31, 2021 |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | | **77,944** | 65,309 |
| Lease liabilities | | **1,677** | 1,614 |
| Other liabilities | | **2,133** | 1,989 |
| Bank loans | *10* | **31,140** | 26,662 |
| Income taxes payable | | **5,407** | 7,073 |
| Other balances payable | | **3,016** | 2,655 |
| **Total current liabilities** | | **121,317** | 105,302 |
| Accounts payable and accrued liabilities | | **239** | 281 |
| Lease liabilities | | **4,086** | 3,417 |
| Bank loan | *10* | **9,885** | 9,265 |
| Other balances payable | | **19,447** | 19,235 |
| Deferred income tax liabilities | | **10,869** | 12,373 |
| **Total liabilities** | | **165,843** | 149,873 |
| **Shareholders' equity** | | | |
| Share capital | *12 [i]* | **619,675** | 628,854 |
| Warrants | | **117** | 117 |
| Contributed surplus | | **22,161** | 21,776 |
| Accumulated other comprehensive income (loss) | *13* | **14,706** | (376) |
| Retained earnings | | **172,920** | 191,647 |
| **Total shareholders' equity** | | **829,579** | 842,018 |
| **Total liabilities and shareholders' equity** | | **995,422** | 991,891 |

Commitments *[note 18]*

*See accompanying notes*

# INTERIM CONSOLIDATED STATEMENTS OF (LOSS) INCOME

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

[Unaudited]

| | | Three months ended March 31, | |
|---|---|---|---|
| | *Notes* | **2022** | 2021 |
| Revenues | *15* | **63,807** | 46,069 |
| Cost of goods sold | | **31,330** | 25,489 |
| **Gross margin** | | **32,477** | 20,580 |
| **Expenses** | | | |
| Selling and marketing | | **9,690** | 7,613 |
| General and administrative | | **8,832** | 7,082 |
| Research and development | | **2,983** | 2,818 |
| Amortization of intangible assets | | **11,288** | 5,302 |
| **Operating loss** | | **(316)** | (2,235) |
| Interest income on financial instruments measured at amortized cost | | **(346)** | (886) |
| Other interest income | | **(1,134)** | (1,112) |
| Interest expense | | **1,111** | 660 |
| Other expense (income) | | **90** | (112) |
| Net loss (gain) on financial instruments measured at fair value through profit or loss | *8* | **16,363** | (9,473) |
| Foreign exchange loss | | **6,189** | 4,201 |
| (Gain) loss on hyperinflation | | **(277)** | 60 |
| **(Loss) income before income taxes** | | **(22,312)** | 4,427 |
| **Income tax** | | | |
| Current | | **173** | 648 |
| Deferred | | **(3,674)** | 221 |
| **Income tax (recovery) expense** | | **(3,501)** | 869 |
| **Net (loss) income for the period** | | **(18,811)** | 3,558 |
| **Attributable to shareholders of the Company** | | | |
| Basic net (loss) earnings per share | *14* | **(0.16)** | 0.03 |
| Diluted net (loss) earnings per share | *14* | **(0.16)** | 0.03 |
| **Weighted average number of common shares outstanding** | | | |
| Basic | *14* | **117,173,258** | 128,841,383 |
| Diluted | *14* | **117,173,258** | 128,843,728 |

*See accompanying note*

# INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

[In thousands of Canadian dollars]

[Unaudited]

| | Three months ended March 31, | |
|---|---|---|
| | **2022** | 2021 |
| **Net (loss) income for the period** | **(18,811)** | 3,558 |
| **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 | **15,145** | (11,054) |
| **Items permanently in other comprehensive income or loss:** | | |
| Net (loss) gain on equity investments at fair value through other comprehensive income net of tax of ($31) (2021: $10) | **(63)** | 5 |
| **Other comprehensive income (loss) for the period** | **15,082** | (11,049) |
| **Total comprehensive loss for the period** | **(3,729)** | (7,491) |

# INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[In thousands of Canadian dollars]

[Unaudited]

| | *Notes* | **Share capital** | **Warrants** | **Contributed surplus** | **Accumulated other comprehensive income (loss)** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|---|---|---|
| **Balance as at January 1, 2021** | | **694,351** | **117** | **18,731** | **(1,503)** | **174,545** | **886,241** |
| Net income for the period | | — | — | — | — | 3,558 | **3,558** |
| Other comprehensive loss for the period | | — | — | — | (11,049) | — | **(11,049)** |
| Comprehensive (loss) income | | — | — | — | (11,049) | 3,558 | **(7,491)** |
| Share-based compensation expense | *12 [ii]* | — | — | 511 | — | — | **511** |
| Issuance under share purchase plan | *12 [ii]* | 78 | — | — | — | — | **78** |
| Shares purchased under Normal Course Issuer Bid | *12 [iii]* | (18,966) | — | — | — | 374 | **(18,592)** |
| Automatic share purchase plan pursuant to Normal Course Issuer Bid | | (34,002) | — | — | — | 2,730 | **(31,272)** |
| **Balance as at March 31, 2021** | | **641,461** | **117** | **19,242** | **(12,552)** | **181,207** | **829,475** |
| | | | | | | | |
| **Balance as at January 1, 2022** | | **628,854** | **117** | **21,776** | **(376)** | **191,647** | **842,018** |
| Net loss for the period | | — | — | — | — | (18,811) | **(18,811)** |
| Other comprehensive income for the period | | — | — | — | 15,082 | — | **15,082** |
| Comprehensive income (loss) | | — | — | — | 15,082 | (18,811) | **(3,729)** |
| Share-based compensation expense | *12 [ii]* | — | — | 385 | — | — | **385** |
| Issuance under share purchase plan | *12 [ii]* | 88 | — | — | — | — | **88** |
| Shares purchased under Normal Course Issuer Bid | *12 [iii]* | (9,267) | — | — | — | 84 | **(9,183)** |
| **Balance as at March 31, 2022** | | **619,675** | **117** | **22,161** | **14,706** | **172,920** | **829,579** |

*See accompanying notes*

# INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

| [Unaudited] | | Three months ended March 31, | |
|---|---|---|---|
| | *Notes* | **2022** | 2021 |
| **OPERATING ACTIVITIES** | | | |
| **Net (loss) income for the period** | | **(18,811)** | 3,558 |
| Adjustments reconciling net income to operating cash flows: | | | |
| Deferred income tax (recovery) expense | | **(3,674)** | 221 |
| Share-based compensation expense | *12 [ii]* | **385** | 511 |
| Depreciation and amortization | | **13,381** | 6,708 |
| Net loss (gain) on financial instruments | *8* | **16,363** | (9,473) |
| Interest expense | | **1,111** | 660 |
| Unrealized foreign exchange loss | | **6,650** | 4,657 |
| (Gain) loss on hyperinflation | | **(277)** | 60 |
| Other income | | **(30)** | — |
| | | **15,098** | 6,902 |
| Changes in non-cash working capital and other items | *16* | **(2,219)** | 10,305 |
| **Cash inflow from operating activities** | | **12,879** | 17,207 |
| **INVESTING ACTIVITIES** | | | |
| Purchase of marketable securities | | **(15,808)** | (31,792) |
| Purchase of intangible assets | | **(234)** | (622) |
| Purchase of property and equipment | | **(53)** | (194) |
| Investment in funds | *8 [iv]* | **(40)** | (1,588) |
| Proceeds on maturity of marketable securities | | **36,546** | 83,156 |
| Proceeds from repayments of loans receivable | *8 [i]* | **407** | — |
| Proceeds from disposal of equity investments | *8 [ii]* | — | 2,624 |
| Proceeds from distribution of funds | *8 [iv]* | — | 4,336 |
| **Cash inflow from investing activities** | | **20,818** | 55,920 |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from contributions to share purchase plan | *12* | **75** | 64 |
| Proceeds from bank loans | | **422** | — |
| Repurchase of common shares through Normal Course Issuer Bid | *12 [iii]* | **(6,663)** | (18,549) |
| Principal repayment of lease liabilities | | **(646)** | (694) |
| Principal repayments on bank loans | | — | (8,848) |
| **Cash outflow from financing activities** | | **(6,812)** | (28,027) |
| **Increase in cash and cash equivalents during the period** | | **26,885** | 45,100 |
| Cash and cash equivalents, beginning of the period | | **85,963** | 229,592 |
| Net foreign exchange difference | | **609** | (3,474) |
| **Cash and cash equivalents, end of the period** | | **113,457** | 271,218 |
| **Supplemental cash flow information:** | | | |
| Interest received | | **1,549** | 3,717 |
| Interest paid | | **(395)** | (323) |
| Net income taxes paid | | **(2,073)** | (1,135) |

*See accompanying notes*

## GLOSSARY OF ABBREVIATIONS

| Abbreviation | Company |
|---|---|
| Crescita | Crescita Therapeutics Inc. |
| GBT | Biotoscana Investments Inc. |
| Knight or the Company | Knight Therapeutics Inc. |
| Medimetriks | Medimetriks Pharmaceuticals Inc. |
| Moksha8 | Moksha8, Inc. |
| Synergy | Synergy CHC Corp. |

| 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 |
|---|---|
| Annual Financial Statements | Audited annual consolidated financial statements |
| AOCI | Accumulated other comprehensive income |
| 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 |
| G&A | General and administrative |
| 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 |
| R&D | Research and development expenses |
| RE | Retained earnings |
| S&M | Selling and marketing |
| 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 for the three months ended March 31, 2022 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.

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, 2021.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

The Company's interim condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 were authorized for issue by the Board of Directors on May 11, 2022.

### Impact of the COVID-19 Pandemic

We continue to monitor the ongoing impact of the COVID-19 on our business in areas including but not limited to manufacturing and supply chain operations, regulatory approval process as well as the impact to the pharmaceutical industry, the local and global economy.

As with much of the pharmaceutical industry, the Company's revenues from newly launched products and resulting prescription growth has been adversely affected by COVID-19 in the past two years. However, in Q1-22 we saw an increase in patient treatments as our markets reduce COVID-19 restrictions. The long-term effects, market dynamics, the scope or duration of the financial and other challenges arising from the COVID-19 pandemic cannot be predicted and it is possible that we will continue to see variable demand in future periods.

Despite, our close monitoring of the COVID-19 pandemic impact, including the emergence of variant strains of the virus, on our business, it is difficult to predict the future impact COVID-19 may have on our business, results of operations, financial position and cash flows. Knight's revenues and growth may be negatively impacted as governments implement new or additional pricing regulations as a measure to balance budgets and recover COVID-19 pandemic spending while private payers may face budget constraints and continue to increase hurdle rate for drug reimbursement. Furthermore, our operating expenses may be negatively impacted by rising inflationary pressures on our operating expenses including but not limited to our compensation costs.

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.

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.

In Q1-22 Knight field teams across most of the countries, have increased field activities including in-person medical visits to physicians and increased volume of such activities is expected in the future. The Company started returning to the office on a country-by-country basis using a hybrid work model following the developed protocols to ensure compliance with local regulations, ensuring safety of employees, patients and healthcare professionals.

As at March 31, 2022, the Company assessed the possible impacts of COVID-19 on its financial results. The Company has evaluated its other financial assets, property, plant and equipment, intangible assets, and goodwill for impairment and no changes from the carrying amount were required in the reporting period related to COVID-19.

## 3. CASH AND CASH EQUIVALENTS

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| | **$** | $ |
| Cash in bank | **108,846** | 76,929 |
| Cash equivalents | **4,611** | 9,034 |
| **Total** | **113,457** | 85,963 |

## 4. MARKETABLE SECURITIES

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| | **$** | $ |
| **Current** | | |
| GICs earning interest at rates ranging from 0.70% to 1.20% and maturing from June 2022 to March 2023 (December 31, 2021: 0.65% to 3.37%, January 2022 to June 2022) | **42,939** | 63,539 |
| **Total current** | **42,939** | 63,539 |

## 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-month period ended March 31, 2022, the Company has recorded an additional ECL of $122 (2021: additional ECL $27), in the statement of (loss) income in "Selling and marketing".

## 6. OTHER RECEIVABLES

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| | **$** | $ |
| Interest receivable | **1,346** | 1,545 |
| Other receivables[1] | **6,248** | 2,288 |
| Sales and other taxes receivable | **1,874** | 1,223 |
| **Total** | **9,468** | 5,056 |

[1] *Includes distribution receivable from strategic funds investments of $4,230 (2021: 389).*

## 7. INVENTORIES

| As at | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | $ | $ |
| Raw materials | **11,189** | 11,168 |
| Work in progress | **2,062** | 2,409 |
| Finished goods | **63,401** | 58,820 |
| **Total** | **76,652** | 72,397 |

During the three-month period ended March 31, 2022, the Company recorded inventory write-down of $248 (2021: $223), in the statement of (loss) income in "Cost of goods sold".

## 8. OTHER FINANCIAL ASSETS

| As at | March 31, 2022 | December 31, 2021 |
|---|---|---|
| | $ | $ |
| **Loans and other receivables *[i]*** | | |
| Measured at amortized cost | **7,492** | 6,272 |
| Measured at FVTPL | **26,272** | 26,796 |
| **Equity Investments *[ii]*** | | |
| Measured at FVTPL | **2,288** | 1,824 |
| Measured at FVOCI | **3,273** | 4,876 |
| **Derivatives *[iii]*** | | |
| Measured at FVTPL | **985** | 1,286 |
| **Fund Investments *[iv]*** | | |
| Measured at FVTPL | **129,082** | 151,389 |
| **Total** | **169,392** | 192,443 |

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

| For the period ended March 31, 2022 | Unrealized (gain) loss on FA measured at FVTPL $ | Realized loss on FA measured at FVTPL $ | Total $ |
|---|---|---|---|
| Loans and other receivables *[i]* | 63 | — | 63 |
| Equity Investments *[ii]* | (465) | — | (465) |
| Derivatives *[iii]* | 23 | 82 | 105 |
| Fund Investments *[iv]* | 16,660 | — | 16,660 |
| **Total** | **16,281** | 82 | **16,363** |

| For the period ended March 31, 2021 | Unrealized (gain) loss on financial assets measured at FVTPL $ | Realized (gain) on financial assets measured at FVTPL $ | Total $ |
|---|---|---|---|
| Loans and other receivables [i][1] | 83 | — | **83** |
| Equity Investments [ii] | 607 | (1,639) | **(1,032)** |
| Derivatives [iii] | 12 | — | **12** |
| Fund Investments [iv] | (5,505) | (3,031) | **(8,536)** |
| **Total** | (4,803) | (4,670) | **(9,473)** |

*[1]Realized (gain) loss on financial assets measured at FVTPL includes recognition of deferred day 1 gains and change in FMV related to early repayment.*

### [i] Loans and other receivables

As at March 31, 2022, the nominal loan balance outstanding was $34,807 [US$27,854] (December 31, 2021: $33,691 [US$26,574]). The following table summarizes the movement in loans and other receivables during the three-month period ended March 31.

| | Carrying value as at January 1 $ | Additions $ | Loan repayments $ | Net loss on FA $ | Foreign exchange[1] $ | Carrying value end of period $ | Current other financial assets $ | Non-current other financial assets $ |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| Amortized Cost | 6,272 | 1,737 | (407) | — | (110) | 7,492 | 2,512 | 4,980 |
| FVTPL | 26,796 | — | — | (63) | (461) | 26,272 | 7,439 | 18,833 |
| **Total** | **33,068** | **1,737** | (407) | **(63)** | **(571)** | **33,764** | **9,951** | **23,813** |
| | | | | | | | | |
| **2021** | | | | | | | | |
| Amortized Cost | 8,847 | — | — | — | (108) | 8,739 | 5,042 | 3,697 |
| FVTPL | 24,261 | 677 | — | (83) | (304) | 24,551 | 6,118 | 18,433 |
| **Total** | **33,108** | **677** | — | **(83)** | **(412)** | **33,290** | **11,160** | **22,130** |

*[1] During the three-month period ended March 31, 2022, the Company recorded a loss of $451 in the statement of (loss) income in "Foreign exchange loss" (2021: loss of $282) and a loss of $118 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $130)*

### [ii] Equity investments

The following table summarizes the movement in equity investments during the three-month period ended March 31.

| | Carrying value as at January 1 $ | Additions $ | Disposals $ | Net gain (loss) on FA $ | Foreign exchange $ | Carrying value end of period $ | Current other financial assets $ | Non-current other financial assets $ |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| FVTPL | 1,824 | — | — | 465 | (1) | 2,288 | 2,288 | — |
| FVOCI | 4,876 | — | (1,550) | (33) | (20) | 3,273 | 1,489 | 1,784 |
| **Total** | **6,700** | — | **(1,550)** | **432** | **(21)** | **5,561** | **3,777** | **1,784** |
| | | | | | | | | |
| **2021** | | | | | | | | |
| FVTPL | 5,154 | — | (2,624) | 1,032 | — | 3,562 | 3,562 | — |
| FVOCI | 4,464 | — | — | 116 | (38) | 4,542 | 1,471 | 3,071 |
| **Total** | **9,618** | — | **(2,624)** | **1,148** | **(38)** | **8,104** | **5,033** | **3,071** |

### Equity investments measured at FVOCI

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

| As at | March 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Number of common shares owned | FV $ | Number of common shares owned | FV $ |
| Crescita | **1,935,489** | **1,489** | 1,935,489 | 1,258 |
| Synergy[1] | **17,645,812** | **—** | 17,645,812 | — |
| Medimetriks[2] | **1,157,504** | **1,784** | 2,315,007 | 3,618 |
| **Total** | | **3,273** | | 4,876 |

*[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 $66 [US$53] (December 31, 2021: $25 [US$19])]*
*[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$1,427 (December 31, 2021: US$2,855)*

### [iii] Derivatives

The following table summarizes the movement in derivatives recorded at FVTPL during the three-month period ended March 31.

| | Carrying value as at January 1 $ | Additions $ | Disposals $ | Net loss on FA $ | Foreign exchange $ | Carrying value end of period $ | Current other financial assets $ | Non-current other financial assets $ |
|---|---|---|---|---|---|---|---|---|
| **2022** | **1,286** | **—** | **(187)** | **(105)** | **(9)** | **985** | **273** | **712** |
| 2021 | 1,493 | — | — | (12) | (11) | 1,470 | 180 | 1,290 |

### [iv] Fund investments

The following table summarizes the movement in fund investments recorded at FVTPL during the three-month period ended March 31.

| | Carrying value as at January 1 $ | Additions[1] $ | Distributions[2,3] $ | Net (loss) gain on FA $ | Foreign exchange[4] $ | Carrying value end of period $ | Current other financial assets $ | Non-current other financial assets $ |
|---|---|---|---|---|---|---|---|---|
| **2022** | **151,389** | **311** | **(4,123)** | **(16,660)** | **(1,835)** | **129,082** | **—** | **129,082** |
| 2021 | 149,736 | 1,588 | (5,650) | 8,536 | (3,152) | 151,058 | 23,696 | 127,362 |

*[1] Investments in equity or debt funds including US$38 and EUR 196 (2021: including US$1,250)*
*[2] Distributions received or receivable from funds including EUR 2,221 (2021: including US$3,475)*
*[3] Includes distribution receivable of $1,425 and EUR 2,025 (2021: $1,314)*
*[4] During the three-month period ended March 31, 2022, recorded a loss of $363 in the statement of (loss) income in "Foreign exchange loss" (2021: loss of $2,022) and a loss of $1,531 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $1,130)*

## 9. MEASUREMENT OF FINANCIAL ASSETS

### [i] Fair value hierarchy

| As at March 31, | 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Recurring fair value measurements** | | | | |
| Loans measured at FVTPL | **26,272** | — | — | **26,272** |
| Equity investments measured at FVTPL | **2,288** | **2,288** | — | — |
| Equity investments measured at FVOCI | **3,273** | **1,489** | — | **1,784** |
| Derivatives | **985** | — | — | **985** |
| Fund investments measured at FVTPL | **129,082** | — | — | **129,082** |
| **Total** | **161,900** | **3,777** | — | **158,123** |

| As at December 31, | 2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Recurring fair value measurements** | | | | |
| Loans measured at FVTPL | 26,796 | — | — | 26,796 |
| Equity investments measured at FVTPL | 1,824 | 1,824 | — | — |
| Equity investments measured at FVOCI | 4,876 | 1,258 | — | 3,618 |
| Derivatives | 1,286 | — | — | 1,286 |
| Fund investments measured at FVTPL | 151,389 | — | — | 151,389 |
| **Total** | 186,171 | 3,082 | — | 183,089 |

There were no transfers between levels of the fair value hierarchy for the three-month period ended March 31, 2022 or year ended December 31, 2021.

### [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 | March 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | US$ | $ | US$ | $ |
| **Equity investments measured at FVOCI** | | | | |
| Medimetriks | **365** | **456** | 730 | 925 |
| Synergy | **3,764** | **4,703** | 3,764 | 4,772 |
| **Total** | **4,129** | **5,159** | 4,494 | 5,697 |

## 10. BANK LOANS

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

**As at March 31, 2022**

| | Currency of debt | Interest rate | Effective interest rate | Maturity | Current $ | Non-current $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Banks** | | | | | | | |
| Itaú Unibanco Brasil | BRL | 1.65% + CDI | 11.89% | Dec 8, 2023 | **17,924** | — | **17,924** |
| Itaú Unibanco Brasil | BRL | 2.20% + CDI | 12.44% | Dec 28, 2022 | **6,764** | — | **6,764** |
| Bancolombia | COP | 2.28% + IBR | 5.46% | Oct 12, 2026 | **2,761** | **9,885** | **12,646** |
| Banco ICBC Argentina[1] | ARS | 43%[2] | 43% | N/A | **692** | — | **692** |
| Banco Itaú Argentina[1] | ARS | 41%[3] | 41% | N/A | **2,999** | — | **2,999** |
| **Total Bank Loans** | | | | | **31,140** | **9,885** | **41,025** |

*[1] Overdraft balances*
*[2] Fixed rate renewed monthly*
*[3] Fixed rate renewed daily*

**As at December 31, 2021**

| | Currency of debt | Interest rate | Effective interest rate | Maturity | Current $ | Non-current $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Banks** | | | | | | | |
| Itaú Unibanco Brasil | BRL | 1.65% + CDI | 5.97% | Dec 8, 2023 | 15,028 | — | 15,028 |
| Itaú Unibanco Brasil | BRL | 2.20% + CDI | 11.35% | Dec 28, 2022 | 5,601 | — | 5,601 |
| Bancolombia | COP | 2.28% + IBR | 4.47% | Oct 12, 2026 | 2,448 | 9,265 | 11,713 |
| Banco ICBC Argentina[1] | ARS | 42%[2] | 42% | N/A | 694 | — | 694 |
| Banco Itaú Argentina[1] | ARS | 40%[3] | 40% | N/A | 2,891 | — | 2,891 |
| Total Bank Loans | | | | | 26,662 | 9,265 | 35,927 |

*[1] Overdraft balances*
*[2] Fixed rate renewed monthly*
*[3] Fixed rate renewed daily*

## 11. 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. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at March 31, 2022 is estimated at $2,184 and has not been recorded by the Company.

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

Based on the Company's view of the likely outcome of the appeals process, Knight expects to recover the total of $41,582 deposited with the taxation authorities and has not recorded any tax provision related to the disposal of the

PRV in its financial statements. However, there can be no assurance regarding the outcome or when a resolution may be reached.

Although Knight believes its tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from historical income tax provisions and accruals.

## 12. 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, 2022** | | **117,783,189** | **628,854** |
| Issuance under share purchase plan | [ii] | 16,103 | 88 |
| Shares purchased under NCIB | [iii] | (1,734,305) | (9,267) |
| Shares purchased under NCIB not yet cancelled | | 480,530 | —[1] |
| **Balance as at March 31, 2022** | | **116,545,517** | **619,675** |

*[1] Shares purchased under NCIB for $2,520 were not yet cancelled as of March 31, 2022 and recorded as treasury shares at cost of $2,568 against Share capital. Accrual of $2,520 was recorded in Accounts payable and accrued liabilities as of March 31, 2022. The treasury shares were cancelled subsequent to quarter end and the accrual settled in cash.*

### [ii] Stock-based compensation plans

The Company has three stock-based compensation plans: the Share Option Plan ("the Option Plan"), the Share Purchase Plan, the Omnibus Equity Incentive Plan ("the Omnibus Plan"). Effective May 13, 2021, the Company's Omnibus Plan replaced the Option Plan for the future awards of Stock Options to directors, employees, officers and consultants of Knight. 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, officers and consultants and deferred share units ("DSUs") to non-employee members of the Board of Directors of Knight. Under the Omnibus Plan, each holder 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.

#### *Stock options*

Stock options issued under the Share Option Plan and 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 three-month period ended March 31, 2022 was estimated at $1.53 using Black-Scholes option pricing model using the following assumptions:

| Three months ended March 31, 2022 | |
|---|---|
| Weighted average risk-free interest rate | **2.28%** |
| Dividend yield | **Nil** |
| Weighted average volatility factor *[i]* | **24%** |
| Forfeiture rate | **2%** |
| Weighted average expected life | **6.2 years** |

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

| | Three-month period ended March 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | **Number of share options #** | **Weighted average exercise price $** | Number of share options # | Weighted average exercise price $ |
| **Balance beginning of the period** | **5,166,130** | **7.40** | 5,298,806 | 7.50 |
| Granted | 399,614 | 5.21 | — | — |
| Expired/forfeited | (494,815) | 8.71 | (20,055) | 8.22 |
| **Balance at end of the period** | **5,070,929** | **7.10** | 5,278,751 | 7.50 |
| **Options exercisable at the end of the period** | **3,723,395** | **7.37** | 3,891,246 | 7.56 |

***Restricted share units and performance share units***

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 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"):

| | Three-month period ended March 31, 2022 | | | |
|---|---|---|---|---|
| | RSUs | | PSUs | |
| | **Number of units #** | **WAFV $** | **Number of units #** | **WAFV $** |
| **Balance beginning of the period** | 111,751 | 5.58 | 215,487 | 5.63 |
| Granted | 133,030 | 5.21 | 273,550 | 5.21 |
| **Balance at end of the period** | **244,781** | **5.38** | **489,037** | **5.40** |
| **Weighted average remaining contractual life of the share units outstanding at end of period** | **2.61 years** | | **2.61 years** | |

The Company recorded an expense of $398 (2021: $511) for the three-month period ended March 31, 2022 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 11, 2022. 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 three-month period ended March 31, 2022, the Company issued 16,103 shares (2021: 14,663 shares) under the Purchase Plan for a total of $88 (2021: $78).

### [iii] NCIB

For the three-month period ended March 31, 2022, the Company purchased 1,734,305 (2021: 3,557,340) common shares at an average price of $5.29 (2021: $5.23) for an aggregate cash consideration of $9,183 (2021: 18,592), of which $2,520 remains to be settled as at March 31, 2022. Subsequent to quarter-end up to May 10, 2022, the Company purchased an additional 893,414 common shares at an average purchase price of $5.33 for an aggregate cash consideration of $4,760.

## 13. ACCUMULATED OTHER COMPREHENSIVE LOSS

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| | **$** | $ |
| Net losses on equities at FVOCI net of tax of $650 (2021: $681) | (8,299) | (8,236) |
| Unrealized gain on translation of foreign operations | 23,005 | 7,860 |
| **Total** | **14,706** | (376) |

## 14. EARNINGS PER SHARE

### Basic

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

| | **Three months ended March 31,** | |
|---|---|---|
| | **2022** | 2021 |
| | **$** | $ |
| Net (loss) income attributable to shareholders of the Company | **(18,811)** | 3,558 |
| Weighted average shares outstanding | 117,173,258 | 128,841,383 |
| **Basic net (loss) income per share** | **$(0.16)** | $0.03 |

### 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 March 31,** | |
|---|---|---|
| | **2022** | 2021 |
| | **$** | $ |
| Net (loss) income attributable to shareholders of the Company | (18,811) | 3,558 |
| Weighted average shares outstanding | 117,173,258 | 128,841,383 |
| Adjustment for share options, RSUs and DSUs | —[1] | 2,346 |
| **Weighted average shares outstanding** | **117,173,258** | 128,843,728 |
| **Diluted net (loss) earnings per share** | **$(0.16)** | $0.03 |

*[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 March 31, 2022*

## 15. SEGMENT REPORTING

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. This reflects the revised management structure and the way that the chief operating decision-maker evaluates the business.

### Geographic Information

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

| Three-month period ended March 31, | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Revenues** | | |
| Brazil | 28,278 | 15,821 |
| Colombia | 11,371 | 8,006 |
| Argentina | 10,595 | 8,419 |
| Rest of LATAM | 8,045 | 8,651 |
| Canada | 2,097 | 1,456 |
| Other[1] | 3,421 | 3,716 |
| **Total** | **63,807** | **46,069** |

[1] *Includes Europe, US and other countries.*

As at March 31, 2022 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 March 31, 2022 | Property, plant and equipment, net | Intangibles, net | Goodwill | Assets held for sale | Right-of-use assets | Other long-term receivables |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Canada | 30 | 19,458 | — | — | 163 | 43,653 |
| Brazil | 1,639 | 34,114 | 24,811 | — | 1,866 | — |
| Argentina | 23,670 | 10,713 | 14,694 | — | 2,332 | — |
| Colombia | 102 | 10,711 | 10,580 | 1,889 | 21 | — |
| Uruguay | 144 | 174,844 | 1,110 | — | 120 | — |
| Luxembourg | — | 45,286 | — | — | — | — |
| Rest of LATAM | 316 | 48,354 | 29,554 | — | 877 | — |
| **Total** | **25,901** | **343,480** | **80,749** | **1,889** | **5,379** | **43,653** |

As at December 31, 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 December 31, 2021 | Property, plant and equipment, net | Intangibles, net | Goodwill | Assets held for sale | Right-of-use assets | Other long-term receivables |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Canada | 40 | 20,155 | — | — | 232 | 43,431 |
| Brazil | 1,264 | 30,318 | 21,446 | — | 725 | — |
| Argentina | 23,411 | 10,931 | 13,886 | — | 2,611 | — |
| Colombia | 100 | 10,889 | 9,975 | 1,826 | 22 | — |
| Uruguay | 136 | 181,244 | 834 | 524 | 179 | — |
| Luxembourg | — | 45,286 | — | — | — | — |
| Rest of LATAM | 314 | 51,476 | 29,262 | — | 902 | — |
| **Total** | **25,265** | **350,299** | **75,403** | **2,350** | **4,671** | **43,431** |

## 16. STATEMENT OF CASH FLOWS

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

| For the three-month period ended March 31, | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Changes in non-cash working capital:** | | |
| Decrease (increase) in | | |
| Trade and other receivables | **(8,385)** | 11,104 |
| Prepaids and deposits | **(909)** | 1,094 |
| Inventories | **943** | (1,401) |
| Income taxes receivable | **392** | (236) |
| Increase (decrease) in | | |
| Accounts payable and accrued liabilities | **4,948** | 981 |
| Other liabilities | **1,060** | 34 |
| Income tax payable | **127** | (271) |
| **Other:** | | |
| Other Financial Assets | — | (677) |
| Interest payment on bank loans | (395) | (323) |
| | **(2,219)** | 10,305 |

## 17. RELATED PARTY TRANSACTIONS

Pharmascience Inc., a company related to the Company's Executive Chairman of the Board of Directors, provided administrative services of approximately $7 (2021: $4) to the Company for the three-month period ended March 31, 2022.

## 18. 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 March 31, 2022 are as follows:

### [i] Fund commitments

As at March 31, 2022, under the terms of Company's agreements with life sciences venture capital funds, $17,450 (December 31, 2021: $17,785), including $1,885 [US$1,509] and $2,843 [EUR 2,054] (December 31, 2021: $1,913 [US$1,509] and $3,113 [EUR 2,163]), 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 $318,621 including $45,560 [US$36,460], $133,794 [CHF 98,800] and $762 [EUR 550] (December 31, 2021: up to $322,318, including $46,224 [US$36,460], $137,299 [CHF 98,800] and $792 [EUR 550]) upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $10,850 [EUR 738, CHF 5,412 and USD 2,000] (December 31, 2021: $11,118 [EUR 738, CHF 5,412 and USD 2,000]), 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 $242,866 [BRL 527,620, USD 68,931 and CHF 13,189] (December 31, 2021: $278,793 [BRL 787,865, USD 63,961 and CHF 13,286]), which will be purchased over the next 8 years.

| | $ |
|---|---|
| 2022 | 37,341 |
| 2023 | 54,159 |
| 2024 | 54,908 |
| 2025 | 52,586 |
| 2026 | 11,781 |
| 2027 and beyond | 32,091 |
| **Total** | **242,866** |

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 $6,248 [US$5,000] (December 31, 2021: $6,339 [US$5,000]) should the borrower meet certain pre-defined profitability targets.

## 19. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative amounts in the consolidated statements income, consolidated balance sheets, and consolidated cash flows, have been reclassified to conform to the presentation adopted in the current period.

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