KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis

For the three and six-month periods ended June 30, 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 and six-month periods ended June 30, 2022. This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and six-month periods ended June 30, 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 and six-month periods ended June 30, 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 August 10, 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
Q2-22	Second quarter of 2022
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

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.
Bloom Burton	Bloom Burton Healthcare Lending Trust[2]
BMS	Bristol-Myers Squibb
GBT	Biotoscana Investments S.A.
Helsinn	Helsinn Healthcare SA
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.
Novartis	Novartis AG, Novartis Pharma AG or their affiliates
Profound	Profound Medical Inc.
Puma	Puma Biotechnology, Inc.
REPL	Replimune Group, Inc.
Rigel	Rigel Pharmaceuticals, 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

Abbreviation	Financial (continued)
EUR	Euro
FMV	Fair market value
FVTPL	Fair value through profit or loss
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
Interim Financial Statements	Unaudited interim condensed consolidated financial statements
MXN	Mexican Peso
PEN	Peruvian Sol
PYG	Paraguayan Guarani
ROU	Right-of-use
US$/USD	U.S. Dollar
UYU	Uruguayan Peso

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

Abbreviation	Other
ART	Antiretroviral Therapy
ASPP	Automatic share purchase plan
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
ESPP	Employee Share Purchase Plan
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 – Q2-22 Highlights

Financial Results

- Revenues were $75,820, an increase of $10,024 or 15% over the same period in prior year.
- Gross margin of $38,295 or 51% compared to $28,871 or 44% in the same period in prior year.
- Adjusted EBITDA[1] was $17,890, an increase of $8,494 or 90% over the same period in prior year.
- Net loss on financial assets measured at fair value through profit or loss of $7,692.
- Net income was $2,516, compared to net income of $29,004 in the same period in prior year.
- Cash inflow from operations was $11,521, compared to a cash inflow from operations of $12,409 in the same period in prior year.

Corporate Developments

- Purchased 1,460,684 common shares through Knight's NCIB at an average price of $5.30 for an aggregate cash consideration of $7,739.
- 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.

Products

- Entered into an exclusive license, distribution and supply agreement with Helsinn Healthcare SA for AKYNZEO® oral/IV (netupitant/palonosetron/fosnetupitant/palonosetron) in Canada, Brazil and select LATAM countries and ALOXI® oral/IV (palonosetron) in Canada.
- Entered into exclusive license and supply agreements with Rigel Pharmaceuticals to commercialize fostamatinib in LATAM.
- Obtained marketing authorization transfer of Exelon® from Novartis to Knight in Colombia, Brazil, and Mexico, and transferred Exelon®'s commercial activities from Novartis to Knight's affiliate in Colombia.

Subsequent to quarter-end

- Relaunched AKYNZEO® in Brazil in July 2022.
- Transferred marketing authorization of Exelon® from Novartis to Knight's affiliate in Chile.
- Executed a settlement agreement with former controlling shareholders of GBT and will receive $5.9 million (US$4.6 million).
- Launched a NCIB in July 2022 to purchase up to 7,988,986 common shares of the Company over the next 12 months.

[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. We continue to focus our integration and optimization efforts 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 by the end of 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 and six-month periods ended June 30 using the following general price indexes:

	January	February	March	April	May	June
2022	1.31	1.25	1.17	1.11	1.05	1.00
2021	1.20	1.16	1.11	1.07	1.03	1.00

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

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

	Q2-22				YTD-22			
	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]
Revenues	75,820	75,021	799	1%	139,627	138,855	772	1%
Cost of goods sold	37,525	34,199	(3,326)	10%	68,855	64,222	(4,633)	7%
Gross margin	**38,295**	**40,822**	(2,527)	6%	**70,772**	**74,633**	(3,861)	5%
Gross margin (%)	***51%***	***54%***			***51%***	***54%***		
Expenses								
Selling and marketing	10,926	10,740	(186)	2%	20,616	20,439	(177)	1%
General and administrative	10,566	9,716	(850)	9%	19,398	18,261	(1,137)	6%
Research and development	3,412	3,165	(247)	8%	6,395	6,007	(388)	6%
Amortization of intangible assets	11,055	10,499	(556)	5%	22,343	21,372	(971)	5%
Operating income	**2,336**	**6,702**	(4,366)	65%	**2,020**	**8,554**	(6,534)	76%
EBITDA[4]	**17,890**	**17,890**			**31,202**	**31,202**		
Adjusted EBITDA[4]	**17,890**	**17,890**			**31,202**	**31,202**		

[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
[4] EBITDA and adjusted EBITDA are non-GAAP measures, refer to section "Non-GAAP measures" and "Reconciliation to adjusted EBITDA" for additional details

	Q2-21				YTD-21			
	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]
Revenues	65,796	65,185	611	1%	111,865	111,267	598	1%
Cost of goods sold	36,925	35,107	(1,818)	5%	62,414	59,483	(2,931)	5%
Gross margin	28,871	30,078	(1,207)	4%	49,451	51,784	(2,333)	5%
Gross margin (%)	*44%*	*46%*			*44%*	*47%*		
Expenses								
Selling and marketing	9,184	9,065	(119)	1%	16,797	16,679	(118)	1%
General and administrative	9,451	8,961	(490)	5%	16,533	15,835	(698)	4%
Research and development	2,585	2,638	53	2%	5,403	5,408	5	0%
Amortization of intangible assets	7,635	7,121	(514)	7%	12,937	12,207	(730)	6%
Operating income (loss)	**16**	**2,293**	(2,277)	99%	(2,219)	1,655	(3,874)	234%
EBITDA[4]	9,271	9,271			14,431	14,431		
Adjusted EBITDA[4]	9,396	9,396			14,975	14,975		

[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
[4] EBITDA and adjusted EBITDA are non-GAAP measures, 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)

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	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
BRL	3.85	4.12	4.44	4.15	4.30	4.32	4.14	4.08
ARS	92.3	84.1	79.7	77.2	76.46	69.9	61.3	54.9
COP	3,074	3,093	3,080	3,058	3,012	2,812	2,809	2,801
CLP	660	639	656	614	583	572	584	587

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

Variance (%)[1]	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
BRL	7%	7%	-7%	3%	0%	-4%	-1%	-5%
ARS	-10%	-6%	-3%	-1%	-9%	-14%	-12%	-13%
COP	1%	0%	-1%	-2%	-7%	0%	0%	-1%
CLP	-3%	3%	-7%	-5%	-2%	2%	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)

	Q2-22	Q2-21	Variance		YTD-22	YTD-21	Variance	
		Excluding impact of IAS 29[1]						
		Constant Currency[2]	**$[3]**	**%[4]**		*Constant Currency[2]*	**$[3]**	**%[4]**
Revenues	**75,021**	67,947	7,074	10%	**138,855**	113,578	25,277	22%
Cost of goods sold	**34,199**	36,990	2,791	8%	**64,222**	61,220	(3,002)	5%
Gross margin	**40,822**	30,957	9,865	32%	**74,633**	52,358	22,275	43%
Gross margin (%)	*54%*	*46%*			*54%*	*46%*		
Expenses								
Selling and marketing	**10,740**	9,276	(1,464)	16%	**20,439**	16,844	(3,595)	21%
General and administrative	**9,716**	9,123	(593)	7%	**18,261**	15,976	(2,285)	14%
Research and development	**3,165**	2,690	(475)	18%	**6,007**	5,454	(553)	10%
Amortization of intangible assets	**10,499**	7,273	(3,226)	44%	**21,372**	12,256	(9,116)	74%
Operating income	**6,702**	2,595	4,107	158%	**8,554**	1,828	6,726	368%
EBITDA[5]	**17,890**	10,186	7,704	76%	**31,202**	14,689	16,513	112%
Adjusted EBITDA[5]	**17,890**	10,316	7,574	73%	**31,202**	15,238	15,964	105%

[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:

	Q2-21				YTD-21			
	Reported under IFRS	*IAS 29 Adjustment*	*Constant Currency Adjustment*	*Constant Currency[1]*	*Reported under IFRS*	*IAS 29 Adjustment*	*Constant Currency Adjustment*	*Constant Currency[1]*
Revenues	65,796	(611)	2,762	67,947	111,865	(598)	2,311	113,578
Cost of goods sold	36,925	(1,818)	1,883	36,990	62,414	(2,931)	1,737	61,220
Gross margin	28,871	1,207	879	30,957	49,451	2,333	574	52,358
Expenses								
Selling and marketing	9,184	(119)	211	9,276	16,797	(118)	165	16,844
General and administrative	9,451	(490)	162	9,123	16,533	(698)	141	15,976
Research and development	2,585	53	52	2,690	5,403	5	46	5,454
Amortization of intangible assets	7,635	(514)	152	7,273	12,937	(730)	49	12,256
Operating income (loss)	16	2,277	302	2,595	(2,219)	3,874	173	1,828

[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 Income (Loss)

			Change				Change	
	Q2-22	Q2-21	**$[1]**	**%[2]**	**YTD-22**	YTD-21	**$[1]**	**%[2]**
Revenues	**75,820**	65,796	10,024	15%	**139,627**	111,865	27,762	25%
Cost of goods sold	**37,525**	36,925	(600)	2%	**68,855**	62,414	(6,441)	10%
Gross margin	**38,295**	28,871	9,424	33%	**70,772**	49,451	21,321	43%
Gross margin (%)	***51%***	*44%*			*51%*	*44%*		
Expenses								
Selling and marketing	**10,926**	9,184	(1,742)	19%	**20,616**	16,797	(3,819)	23%
General and administrative	**10,566**	9,451	(1,115)	12%	**19,398**	16,533	(2,865)	17%
Research and development	**3,412**	2,585	(827)	32%	**6,395**	5,403	(992)	18%
Amortization of intangible assets	**11,055**	7,635	(3,420)	45%	**22,343**	12,937	(9,406)	73%
Operating income (loss)	**2,336**	16	2,320	14500%	**2,020**	(2,219)	4,239	191%
Interest income on financial instruments measured at amortized cost	**(708)**	(647)	61	9%	**(1,054)**	(1,533)	(479)	31%
Other interest income	**(1,719)**	(1,139)	580	51%	**(2,853)**	(2,251)	602	27%
Interest expense	**1,717**	668	(1,049)	157%	**2,828**	1,328	(1,500)	113%
Other(income) expense	**(219)**	19	238	1253%	**(129)**	(93)	36	39%
Net loss (gain) on financial assets measured at fair value through profit or loss	**7,692**	(28,472)	(36,164)	127%	**24,055**	(37,945)	(62,000)	163%
Foreign exchange (gain) loss	**(4,507)**	3,194	7,701	241%	**1,682**	7,395	5,713	77%
Gain on hyperinflation	**(556)**	(182)	374	205%	**(833)**	(122)	711	583%
Income (loss) before income taxes	**636**	26,575	(25,939)	98%	**(21,676)**	31,002	(52,678)	170%
Income tax								
Current	**798**	(706)	(1,504)	213%	**971**	(58)	(1,029)	1774%
Deferred	**(2,678)**	(1,723)	955	55%	**(6,352)**	(1,502)	4,850	323%
Income tax recovery	**(1,880)**	(2,429)	(549)	23%	**(5,381)**	(1,560)	3,821	245%
Net income (loss) for the period	**2,516**	29,004	(26,488)	91%	**(16,295)**	32,562	(48,857)	150%
Basic net earnings (loss) per share	**0.02**	0.23	(0.21)	91%	**(0.14)**	**0.26**	(0.40)	154%
Diluted net earnings (loss) per share	**0.02**	0.23	(0.21)	91%	**(0.14)**	**0.26**	(0.40)	154%
EBITDA[3]	**17,890**	9,271	8,619	93%	31,202	14,431	16,771	116%
Adjusted EBITDA[3]	**17,890**	9,396	8,494	90%	31,202	14,975	16,227	108%

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss)
[2] Percentage change is presented in absolute values
[3] EBITDA and adjusted EBITDA 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)

Revenues

Q2-22 vs Q2-21

For the quarter ended June 30, 2022, excluding the impact of hyperinflation, revenues increased by $9,836 or 15% compared to the same period in prior year. The growth in revenues excluding the impact of hyperinflation is explained by the following:

- Knight recognized revenues of $12,390 for Exelon®, an increase of $8,202 or 200% driven by the following factors:
  - The timing of the acquisition of Exelon® executed on May 26, 2021
  - Estimated increase in revenues between $4,000 to $4,500 driven by the purchasing pattern of certain customers as well as higher sales in Brazil in anticipation of the transfer of commercial activities from Novartis to Knight
- An increase in revenues of $1,634 driven by the growth of recently launched products including the Q1-22 launches of Lenvima®, Rembre® and Halaven® in Colombia, an increase in patient treatments as our markets reduce COVID-19 restrictions and buying patterns offset by a decrease in revenues of certain of our oncology branded generics products due to market entrance of new competitors. In addition, revenues decreased by approximately $4,500 to $6,000 due to lower demand of certain of our infectious diseases products associated with COVID-19.

YTD-22 vs YTD-21

For the six-month period ended June 30, 2022, excluding the impact of hyperinflation, revenues increased by $27,588 or 25% compared to the same period in prior year. The growth in revenues excluding the impact of hyperinflation is explained by the following:

- Knight recognized revenues of $19,448 for Exelon®, an increase of $15,261 or 365% driven by the following factors:
  - The timing of the acquisition of Exelon® executed on May 26, 2021
  - Estimated increase in revenues between $1,700 to $2,200 driven by the purchasing pattern of certain customers as well as higher sales in Brazil in anticipation of the transfer of commercial activities from Novartis to Knight
- An increase in revenues of $12,327 driven by the growth of recently launched products including the Q1-22 launches of Lenvima®, Rembre® and Halaven® in Colombia, an increase in patient treatments as our markets reduce COVID-19 restrictions and buying patterns offset by a decrease in revenues of certain of our oncology branded generics products due to market entrance of new competitors. In addition, revenues decreased by approximately $5,000 to $6,400 due to lower demand of certain of our infectious diseases products associated with COVID-19.

Revenues by therapeutic area

The Company generated net revenues as follows by therapeutic area:

	Q2-22	**Q2-21**	**Q2-21**	**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	**26,034**	23,940	**24,725**	2,094	9%
Infectious Diseases	**29,860**	30,311	**32,417**	(451)	1%
Other Specialty	**19,127**	10,934	**10,805**	8,193	75%
Total	**75,021**	65,185	**67,947**	9,836	15%

[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*

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

Oncology/Hematology: The increase in revenues is driven by growth of recently launched products including the Q1-22 launches of Lenvima®, Rembre® and Halaven® in Colombia, an increase in patient treatments as our markets reduce COVID-19 restrictions offset by the decline in certain oncology branded generic products due to entrance of new competitors.
Infectious Diseases: The decrease in revenues is driven by lower demand of our infectious diseases products to treat invasive fungal infections associated with COVID-19 (a decrease of approximately $4,500 to $6,000 for the quarter) offset by the growth of certain recently launched products and an increase in patient treatments as our markets reduce COVID-19 restrictions as well as buying patterns.
Other Specialty: The revenues increase is mainly driven by the acquisition of Exelon® including an estimated increase in revenues between $4,000 to $4,500 driven by the purchasing pattern of certain customers as well as higher sales in Brazil in anticipation of the transfer of commercial activities from Novartis to Knight.

	YTD-22	**YTD-21**	**YTD-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	**49,850**	42,496	**42,960**	7,354	17%
Infectious Diseases	**56,542**	51,187	**53,730**	5,355	10%
Other Specialty	**32,463**	17,584	**16,888**	14,879	85%
Total	**138,855**	111,267	**113,578**	27,588	25%

[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*

Oncology/Hematology: The increase in revenues is driven by growth of recently launched products including the Q1-22 launches of Lenvima®, Rembre® and Halaven® in Colombia, an increase in patient treatments as our markets reduce COVID-19 restrictions offset by the decline in certain oncology branded generic products due to entrance of new competitors.
Infectious Diseases: The growth in revenues is driven by the growth of certain recently launched products, an increase in patient treatments as our markets reduce COVID-19 restrictions and buying patterns partially offset by lower demand of our infectious diseases products to treat invasive fungal infections associated with COVID19 (approximately $5,000 to $6,400 for the six-months).
Other Specialty: The revenues increase is mainly driven by the acquisition of Exelon® including an estimated increase in revenues between $4,000 to $4,500 driven by the purchasing pattern of certain customers as well as higher sales in Brazil in anticipation of the transfer of commercial activities from Novartis to Knight.

Gross margin

Q2-22 vs Q2-21

- For the quarter ended June 30, 2022, gross margin increased from 44% to 51% explained by a change in product mix as well as the acquisition of Exelon®. The revenues of Exelon® is recorded as a net profit transfer from Novartis with the exception of revenues generated in Colombia upon the transfer of commercial activities to Knight in June 2022.
- The gross margin would have been 54% versus 51% (Q2-21: 44% to 46%) excluding the impact of IAS 29. Refer to "Impact of Hyperinflation" above for further details.
- Knight expects gross margin as a % of revenues to decline over the next quarters as the commercial activities of Exelon® are transferred to Knight on a country by country basis and the Company records revenues with related cost of sales instead of a net profit transfer.

YTD-22 vs YTD-21

- For the six-month period ended June 30, 2022, gross margin increased from 44% to 51% explained by a change in product mix as well as the acquisition of Exelon®. The revenues of Exelon® is recorded as a net profit transfer from Novartis with the exception of revenues generated in Colombia upon the transfer of commercial activities to Knight in June 2022.

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

	• The gross margin would have been 54% versus 51% (YTD-21: 44% to 47%) excluding the impact of IAS 29. Refer to "Impact of Hyperinflation" above for further details. • Knight expects gross margin as a % of revenues to decline over the next quarters as the commercial activities of Exelon® are transferred to Knight on a country by country basis and the Company records revenues with related cost of sales instead of a net profit transfer.
Selling and marketing	***Q2-22 vs Q2-21*** • For the quarter ended June 30, 2022, S&M increased by $1,742 or 19% driven by an increase in compensation expenses, certain variable costs such as logistics fees, as well as an increase in selling and marketing activities related to key promoted products and Exelon®. ***YTD-22 vs YTD-21*** • For the six-month period ended June 30, 2022, S&M increased by $3,819 or 23% driven by an increase in compensation expenses, certain variable costs such as logistics fees as well as an increase in selling and marketing activities related to key promoted products and Exelon®.
General and administrative	***Q2-22 vs Q2-21*** • For the quarter ended June 30, 2022, G&A increased by $1,115 or 12% driven by an increase in compensation expense, certain consulting and professional fees partially offset by the lower costs of related to stock options. ***YTD-22 vs YTD-21*** • For the six-month period ended June 30, 2022, G&A increased by $2,865 or 17% driven by an increase in compensation expense, certain consulting and professional fees, the appreciation of select LATAM currencies offset by the lower costs related to stock options.
Research and development expenses	• No significant variance
Amortization of intangible assets	***Q2-22 vs Q2-21*** • For the quarter ended June 30, 2022, amortization of intangible assets increased by $3,420 driven by acquisition of Exelon®. ***YTD-22 vs YTD-21*** • For the six-month period ended June 30, 2022, amortization of intangible assets increased by $9,406 driven by the acquisition of Exelon®.
Interest income	***YTD-22 vs YTD-21 and Q2-22 vs Q2-21*** • Includes "Interest income on financial instruments measured at amortized cost" and "Other interest income". • Primarily from interest earned on loans, cash and cash equivalents, marketable securities and accretion on loans receivable. • Interest income for Q2-22 was $2,427 and YTD-22 $3,907, an increase of 36% or $641 and 3% or $123, respectively, compared to the same period in prior year due to higher interest rates.
Interest Expense	***Q2-22 vs Q2-21*** • Interest expense for the three-month period ended June 30, 2022 increased by $1,049 or by 157% compared to the same period in prior year due to higher interest rates offset by a lower average bank loan balance. Refer to Section 7 for further information on the bank loans. ***YTD-22 vs YTD-21*** • Interest expense for the six-month period ended June 30, 2022 increased by $1,500 or by 113% compared to the same period in prior year due to higher interest rates by a lower average bank loan balance. Refer to Section 7 for further information on the bank loans.

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

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 for Q2-22 was $7,692 and YTD-22 $24,055, 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. • Refer to Section 10 for further information.
Foreign exchange loss	• The foreign exchange gain in Q2-22 is mainly driven by the unrealized gains on intercompany balances due to the appreciation of the USD. • The foreign exchange loss in YTD-22 is mainly driven by the unrealized loss due to the appreciation of CAD vs the EUR partially offset by unrealized gains on intercompany balances due to the appreciation of the USD. • The foreign exchange loss in Q2-21 and YTD-21 is mainly driven by the depreciation of the USD and EUR currencies throughout the period.
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. • Refer to note 2.3 in the Annual Financial Statements for further details on hyperinflation accounting.
Income tax expense	• The income tax recovery for Q2-22 and YTD-22 is driven by the recognition of certain deferred tax assets due to tax losses generated in certain jurisdictions and timing differences related to our financial assets and certain intercompany transactions. • The income tax recovery for Q2-21 and YTD-21 is driven by reversal of certain tax provision related to prior years as well as changes in the deferred tax expense due to timing difference and foreign exchange 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 allolocation accounting adjustments, and the impact of IAS 29 (accounting under hyperinflation) but to include costs related to leases.

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

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

Reconciliation to adjusted EBITDA

For the three and six-month periods ended June 30, 2022, the Company calculated EBITDA and adjusted EBITDA as follows:

			Change				Change	
	Q2-22	Q2-21	**$[1]**	**%[2]**	**YTD-22**	YTD-21	**$[1]**	**%[2]**
Operating income (loss)	**2,336**	16	2,320	14500%	**2,020**	(2,219)	4,239	191%
Adjustments to operating income (loss):								
Amortization of intangible assets	**11,055**	7,635	3,420	45%	**22,343**	12,937	9,406	73%
Depreciation of property, plant and equipment and ROU assets	**2,723**	1,576	1,147	73%	**4,816**	2,982	1,834	62%
Lease costs (IFRS 16 adjustment)	**(643)**	(703)	60	9%	**(1,289)**	(1,397)	108	8%
Impact of IAS 29	**2,419**	747	1,672	224%	**3,312**	2,128	1,184	56%
EBITDA	**17,890**	9,271	8,619	93%	**31,202**	14,431	16,771	116%
Acquisition and transaction costs	—	82	(82)	100%	—	432	(432)	100%
Other non-recurring expenses	—	43	(43)	100%	—	112	(112)	100%
Adjusted EBITDA[3]	**17,890**	9,396	8,494	90%	**31,202**	14,975	16,227	108%

[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. During the three and six-month periods ended June 30, 2021 the Company incurred expenses of $82 and $432, respectively, 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. For the three and six-month period ended June 30, 2021, the Company incurred one-time costs of $43 and $112 related to restructuring activities including severance to certain employees as part of restructuring and integration of GBT.

Adjusted EBITDA Q2-22 vs Q2-21

For the three-month period ended June 30, 2022 adjusted EBITDA increased by $8,494 or 90%. The growth in adjusted EBITDA is driven by an increase in gross margin of $9,424 offset by an increase in operating expenses.

Adjusted EBITDA YTD-22 vs YTD-21

For the six-month period ended June 30, 2022 adjusted EBITDA increased by $16,227 or 108%. The growth in adjusted EBITDA is driven by an increase in gross margin of $21,321 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 appreciation of the BRL partially offset by depreciation of other LATAM currencies, and gain from the restatement of equity components of the Company's subsidiaries in Argentina as a result of hyperinflation accounting under IAS 29, resulted in a gain on translation of the Company's subsidiaries which is reflected in the statement of comprehensive income.

Rates	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
BRL	4.05	3.80	4.40	4.25	4.03
ARS	97.07	88.72	80.88	77.65	77.18
COP	3,205	3,012	3,195	3,012	3,040
CLP	718	631	671	638	589

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

Variance (%)[1]	Q2-22	Q1-22	Q4-21	Q3-21
BRL	-7%	14%	-4%	-5%
ARS	-9%	-10%	-4%	-1%
COP	-6%	6%	-6%	1%
CLP	-14%	6%	-5%	-8%

[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	
	06-30-22	12-31-21	**$**	**%[1]**
ASSETS				
Current				
Cash and cash equivalents	**93,119**	85,963	7,156	8%
Marketable securities	**43,116**	63,539	(20,423)	32%
Trade receivables	**78,387**	55,388	22,999	42%
Other receivables	**8,623**	5,056	3,567	71%
Inventories	**76,400**	72,397	4,003	6%
Prepaids and deposits	**2,004**	2,165	(161)	7%
Other current financial assets	**13,696**	13,491	205	2%
Income taxes receivable	**5,006**	6,970	(1,964)	28%
Total current assets	**320,351**	304,969	15,382	5%
Prepaids and deposits	**3,104**	3,046	58	2%
Right-of-use assets	**5,587**	4,671	916	20%
Property, plant and equipment	**26,844**	25,265	1,579	6%
Investment properties	**1,479**	1,457	22	2%
Intangible assets	**365,115**	350,299	14,816	4%
Goodwill	**79,818**	75,403	4,415	6%
Other financial assets	**148,610**	178,952	(30,342)	17%
Deferred income tax assets	**3,844**	2,048	1,796	88%
Other long-term receivables	**44,560**	43,431	1,129	3%
	678,961	684,572	(5,611)	1%
Assets held for sale	**1,822**	2,350	(528)	22%
Total assets	**1,001,134**	991,891	9,243	1%

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

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

			Change	
	06-30-22	12-31-21	**$**	**%[1]**
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities	**82,402**	65,309	17,093	26%
Lease liabilities	**2,018**	1,614	404	25%
Other liabilities	**3,361**	1,989	1,372	69%
Bank loans	**24,335**	26,662	(2,327)	9%
Income taxes payable	**3,439**	7,073	(3,634)	51%
Other balances payable	**10,479**	2,655	7,824	295%
Total current liabilities	**126,034**	105,302	20,732	20%
Accounts payable and accrued liabilities	**233**	281	(48)	17%
Lease liabilities	**3,713**	3,417	296	9%
Bank loan	**8,148**	9,265	(1,117)	12%
Other balances payable	**24,304**	19,235	5,069	26%
Deferred income tax liabilities	**9,013**	12,373	(3,360)	27%
Total liabilities	**171,445**	149,873	21,572	14%
Shareholders' Equity				
Share capital	**611,967**	628,854	(16,887)	3%
Warrants	**117**	117	—	0%
Contributed surplus	**22,936**	21,776	1,160	5%
Accumulated other comprehensive income (loss)	**19,166**	(376)	19,542	5197%
Retained earnings	**175,503**	191,647	(16,144)	8%
Total shareholders' equity	**829,689**	842,018	(12,329)	1%
Total liabilities and shareholders' equity	**1,001,134**	991,891	9,243	1%

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

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

	06-30-22 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 $22,999 or 42%, mainly due to growth in revenues driven by Exelon®, the increase in sales of key promoted products, an increase in patient treatments as our markets reduce COVID-19 restrictions and the appreciation of select LATAM currencies. Furthermore, Knight expects the trade receivables to increase as the marketing authorizations and commercial activities of Exelon® transfer to Knight on a country by country basis.
Other receivables (current)	• Other receivables increased by $3,567, or 71% mainly due to a distribution receivable from strategic funds investments of $1,545. • Refer to note 6 in the Interim Financial Statements for further details.
Inventories	• Inventories increased by $4,003, or 6% mainly due to Exelon® inventory purchased in Colombia from Novartis as a result of the transfer of the commercial activities to Knight. Furthermore, Knight expects the inventory levels to increase as the marketing authorizations and commercial activities of Exelon® transfer to Knight on a country by country basis.
Other financial assets (current and long term)	Other financial assets decreased by $30,137, or 16%, explained by the following: **Loans and other receivable:** No significant increase. **Equity investments and Derivatives:** decrease of $2,054 or 26% 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. **Funds:** decrease of $28,079 due to negative mark-to-market adjustments of $23,520 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 $4,336 and foreign exchange losses of $676, offset by capital calls of $453. Refer to Section 10 for further information on Knight's strategic investments.
Income tax receivable	• Decrease is mainly due to timing of income tax installments.
Intangible assets	• Increase mainly due to upfront payments and certain milestones mainly related to in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel, offset by amortization during the period.
Goodwill	• Increase due to the appreciation of certain LATAM currencies during the period.
Deferred income tax asset	• Increase is mainly explained by additional deferred tax due to tax losses generated in certain jurisdictions and certain temporary differences related to financial assets.
Other receivables (long-term)	• No significant variance.
Accounts payable and accrued liabilities (current and long term)	• Increase in accounts payable and accrued liabilities balance by $17,045, or 26%, mainly driven by the timing of payment to certain suppliers as well as the purchase of Exelon® for Colombia.

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

	06-30-22 vs 12-31-21
Bank loans (current and long term)	• Decrease in bank loans by $3,444 or 10% due to loan repayments of $5,391, partially offset by the appreciation of BRL and accrued interest. • For further details on the bank loans held by Knight, refer to Section 7.
Income tax payable	• Decrease is mainly explained by payment of fiscal year 2021 taxes in Q2-22.
Other balances payable (current and long term)	• Increase in other payables by $12,893 or 59% due to certain milestones mainly related to in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel.
Deferred income tax liability	• Decrease is mainly related to the recognition of deferred income tax recovery on certain definite-life intangible assets acquired by the Company.
Share capital	• Decrease due to the purchase of Knight's common shares though the NCIB, partially offset by share issuance under ESPP. • Refer to note 12 (ii) and (iii) in the Interim Financial Statements for further information.
Contributed surplus	• Increase related to share-based compensation expense. • Refer to the statement of changes in equity and note 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	• Decrease due to net loss generated, partially offset by increase due to common shares purchased under NCIB. • 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 June 30, 2022 is estimated at $2,300 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.

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

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

Section 7 – Liquidity and Capital Resources

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

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

			Change		YTD		Change	
	Q2-22	Q2-21	**$**	**%**[1]	**2022**	2021	**$**	**%**[1]
Net cash from operating activities	**11,521**	12,409	(888)	7%	**24,400**	29,616	(5,216)	18%
Net cash from investing activities	**(15,577)**	(164,958)	149,381	91%	**5,241**	(109,038)	114,279	105%
Net cash from financing activities	**(16,205)**	(11,190)	(5,015)	45%	**(23,017)**	(39,217)	16,200	41%
Increase in cash and cash equivalents during the period	**(20,261)**	(163,739)	143,478	88%	**6,624**	(118,639)	125,263	106%
Net foreign exchange difference	**(77)**	(4,897)	4,820	98%	**532**	(8,371)	8,903	106%
Cash and cash equivalents beginning of the period	**113,457**	271,218	(157,761)	58%	**85,963**	229,592	(143,629)	63%
Cash and cash equivalents, end of the period	**93,119**	102,582	(9,463)	9%	**93,119**	102,582	(9,463)	9%
Marketable securities, end of the period	**43,116**	63,539	(20,423)	32%	**43,116**	63,539	(20,423)	32%
Cash and cash equivalents, and marketable securities, end of the period	**136,235**	166,121	(29,886)	18%	**136,235**	166,121	(29,886)	18%
Cash and cash equivalents, net of bank loans	**60,636**	67,433	(6,797)	10%	**60,636**	67,433	(6,797)	10%

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

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

	Q2-22	YTD-22
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 gains, other income, deferred other income, and net changes in non-cash balances relating to operations. For the three-month period ended June 30, 2022, cash inflow from operations was $11,521 driven by the operating results adjusted for non-cash items such as depreciation and amortization offset by an increase in working capital of $5,770. Refer to note 16 for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $666 related to net interest received mainly driven by the timing of maturity of marketable securities. The Company expects an additional investment in working capital with an increase in the level of trade accounts receivable and inventory in the next two quarters. The increases are related to the transfer of the commercial activities of Exelon® from Novartis to Knight and is expected to have a negative impact to the operating cash flows for the rest of 2022. The working capital levels are expected to normalize at the beginning of 2023.	For the six-month period ended June 30, 2022, cash inflow from operations was $24,400 driven by the operating income adjusted for non-cash items such as depreciation and amortization offset by an increase in working capital of $8,002. Refer to note 16 for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $1,819 related to net interest received mainly driven by the timing of maturity of marketable securities.
Net cash from investing activities	For the three-month period ended June 30, 2022, cash flows were mainly driven by: • investment in funds of $413; • acquisition of intangibles and property and equipment of $18,239 mainly due to upfront payments and certain milestones related to in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel. • net purchase on marketable securities of $103, and • Proceeds from distribution of funds of $3,178;	For the six-month period ended June 30, 2022, cash flows were mainly driven by: • net proceeds on marketable securities of $20,635; • acquisition of intangibles and property and equipment of $18,526 mainly due to upfront payments and certain milestones related to in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel, and • distributions from life sciences funds of $3,178 offset by investment in funds of $453;
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 June 30, 2022

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	12.74%	Dec 8, 2023	**12,240**	—	**12,240**
Itaú Unibanco Brasil	BRL	2.20% + CDI	13.32%	Dec 28, 2022	**6,270**	—	**6,270**
Bancolombia	COP	2.28% + IBR	6.80%	Oct 12, 2026	**2,512**	**8,148**	**10,660**
Banco ICBC Argentina[1]	ARS	49.5%[2]	49.5%	N/A	**601**	—	**601**
Banco Itaú Argentina[1]	ARS	46.8%[3]	46.8%	N/A	**2,712**	—	**2,712**
Total Bank Loans					**24,335**	**8,148**	**32,483**

[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 companies 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. The in-licensing of AKYNZEO® and ALOXI®, completed during 2022, is an example of the execution of this strategy.

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
Akynzeo®	Prevention of chemotherapy-induced acute and delayed nausea and vomiting	Approved[3]	Approved	Approved[3]			Pre-registration	Helsinn
Aloxi®	Prevention of acute nausea and vomiting associated with moderately and highly emetogenic cancer chemotherapy	Approved[3]						Helsinn
Fostamatinib	Treatment of chronic immune thrombocytopenia		Pre-registration	Pre-registration	Pre-registration	Pre-registration	Pre-registration	Rigel
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 cancer		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.
[3] Knight will begin commercial activities following a transition period from Helsinn current licensees.

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		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.

Akynzeo® and Aloxi®

On May 12, 2022, Knight announced that it entered into an agreement with Helsinn for the exclusive rights to commercialize AKYNZEO® oral/IV (netupitant/palonosetron/fosnetupitant/palonosetron) in Canada, Brazil, Argentina, Uruguay and Paraguay, and ALOXI® oral/IV (palonosetron) in Canada.

AKYNZEO® is the first and only 5-HT3 and NK1 receptor antagonist fixed combination approved for the prevention of chemotherapy-induced acute and delayed nausea and vomiting. AKYNZEO® oral is approved and marketed in Canada, Brazil and Argentina. According to IQVIA, sales of AKYNZEO® in Canada and Brazil were approximately $7 million in 2021. ALOXI® is a second generation 5-HT3 receptor antagonist with high receptor binding affinity and a duration of action up to 5 days after chemotherapy administration[7,8]. ALOXI® oral is approved in Canada for use in adults for the prevention of acute nausea and vomiting associated with moderately and highly emetogenic cancer chemotherapy. ALOXI® injection is approved in Canada for use in adults and pediatric patients aged 2 to 17 years for the prevention of acute and delayed nausea and vomiting associated with emetogenic cancer chemotherapy. Knight assumed commercial activities of AKYNZEO® in Brazil and Argentina in July 2022 and will begin commercial activities following a transition period from Helsinn's current licensees in Canada.

Fostamatinib

On May 24, 2022, Knight announced that it entered into an agreement with Rigel for the exclusive rights to commercialize fostamatinib, an oral spleen tyrosine kinase (SYK) inhibitor, in Latin America. Fostamatinib is commercially available in the United States under the brand name TAVALISSE® and in Europe under the brand name TAVLESSE® for the treatment of

[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.*

[7] *Rojas C, Slusher BS. Eur J Pharmacol 2012;684(1-3):1-7; 6.*

[8] *Navari RM and Aapro M. N Engl J Med 2016;374:1356-67.*

chronic immune thrombocytopenia. On June 8, 2022, Rigel announced topline efficacy and safety data from the Phase 3 clinical trial of fostamatinib in patients with warm autoimmune hemolytic anemia (wAIHA). The trial did not demonstrate statistical significance in the primary efficacy endpoint of durable hemoglobin response in the overall study population. The safety profile was consistent with prior clinical experience, and no new safety issues were identified. Rigel is conducting an in-depth analysis of this data to better understand differences in patient characteristics and outcomes and expects to discuss these findings with the FDA to determine the path forward in wAIHA. Fostamatinib is also in Phase 3 clinical trials for the treatment of hospitalized patients with COVID-19[9,10].

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 $307 and $693 for the three and six-month periods ended June 30, 2022, which represents a decline of 35% and 15% 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 and began commercializing Trelstar® in Canada. According to IQVIA data, Trelstar® sales in Canada were $1,123 and $2,000 for the three and six-month periods ended June 30, 2022, which represents a growth of 63% and 58% compared to the same periods in prior year.

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 with BMS 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

[9] *Clinicaltrials.gov: NCT04629703*
[10] *Clinicaltrials.gov: NCT04924660*

cancer who have progressed after at least one chemotherapeutic regimen[11] 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[12]. 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[13]. Lenvima® was launched in Brazil in April 2018 and Chile in June 2020.

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[12], (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[12], and (4) the treatment, in combination with Dexamethasone and in second line, of multiple myeloma patients who have received at least one prior therapy and have not responded to treatment. Ladevina® is part of Knight's proprietary branded generic portfolio and is commercialized in Argentina, Chile, Colombia, Peru, Ecuador, Bolivia, Paraguay, Uruguay and Central America.

Zyvalix®

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

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.

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

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

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

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 and certain distribution activies in Bolivia, Paraguay and Peru.

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.

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. As of July 2022, the marketing authorizations of Exelon® for Colombia, Mexico, Chile and Brazil were transferred to Knight. The Company expects that remaining marketing authorizations will be transferred in the second half of 2022. In addition, Knight has assumed the commercial activities of Exelon® in Colombia and expects to assume commercial activities in Brazil in Q3-22, Mexico and Chile in Q4-22.

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 $145 and $255 for the three and six-month periods ended June 30, 2022, which represents a growth of 263% and 325% compared to the same periods 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 32olonization 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,

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

Peru, Ecuador, Bolivia and Paraguay. As part of the Gilead Amendment, effective July 1, 2022, Knight distributes 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

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
Brazil	Oncology/Hematology	1	Development	2025
Brazil	Other Specialty	1	Development	2025
Colombia	Oncology/Hematology	2	Development	2024-2025
Colombia	Oncology/Hematology	1	Regulatory Review	2024
Colombia	Other Specialty	1	Development	2026
Chile	Oncology/Hematology	3	Development	2024-2025
Mexico	Oncology/Hematology	1	Development	2027
Mexico	Other Specialty	1	Development	2025

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

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 June 30, 2022	
Entity	**In Source Currency**	**In CAD[1]**
Moksha8	US$11,993	$15,454
Synergy	US$5,500	$7,087
60P[2]	US$6,310	$8,131
Other strategic loans	US$4,051	$5,220
Total		**$35,892**

[1] *Converted at the Bank of Canada closing exchange rates on June 30, 2022*
[2] *Excludes 60P Convertible Debenture received as consideration for loans issued to 60P*

As at June 30, 2022, the nominal loan balance outstanding was $35,892 [US$27,854] (December 31, 2021: $33,691 [US$26,574]). The following table summarizes the movement in loans and other receivables during the six-month period ended June 30.

	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	389[3]	(407)	—	77	6,331	2,590	3,741
FVTPL	26,796	—	—	(415)	352	26,733	7,751	18,982
Total	**33,068**	**389**	**(407)**	**(415)**	**429**	**33,064**	**10,341**	**22,723**
2021								
Amortized Cost	8,847	14	(2,494)	—	(205)	6,162	2,490	3,672
FVTPL	24,261	1,366	—	63	(649)	25,041	6,093	18,948
Total	**33,108**	**1,380**	**(2,494)**	**63**	**(854)**	**31,203**	**8,583**	**22,620**

[1] *During the three-month period ended June 30, 2022, the Company recorded a gain of $746 in the statement of income (loss) in "Foreign exchange loss" (2021: loss of $291) and a gain of $252 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $151)*
[2] *During the six-month period ended June 30, 2022, the Company recorded a gain of $295 in the statement of income (loss) in "Foreign exchange loss" (2021: loss of $573) and a gain of $134 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $281)*
[3] *Includes a reclassification of $1,348 to "Other Receivables"*

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

Section 10 – Strategic Investments

Fund Investments

Knight invests in life sciences venture capital funds in which the Company earns a return similar to any other limited partner in the fund and may receive preferential access to innovative healthcare products from around the world for Canada and select international markets. Since inception of the fund strategy, Knight has committed to invest with the following capital fund managers for approximately $126,653 of which $17,785 remains committed as at June 30, 2022. To date, the investments in venture capital funds have led to the Canadian in-license of 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 June 30, 2022 closing rates total fund commitment would be $132,675)
[2] Represents an investment in a debt fund

Since the inception, the Company has invested $147,645 in strategic funds and received distributions of $123,209 on which a gain of $61,635 has been realized. Furthermore, as at June 30, 2022, the fund investments were recorded at their fair value of $123,310 including unrealized gains of $43,011. The following table summarizes the movement in fund investments during the six month period ended June 30:

	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**	**453**	**(4,336)**	**(23,520)**	**(676)**	**123,310**	**—**	**123,310**
2021	149,736	5,604	(11,370)	37,015	(4,204)	176,781	9,894	166,887

[1] Investments in equity or debt funds including US$70 and EUR 196 (2021: including US$1,250)
[2] Distributions received or receivable from funds including EUR 2,221 (2021: including US$4,140)
[3] Includes distribution receivable of $1,545 (2021: $389)
[4] During the three-month period ended June 30, 2022, recorded a loss of $1,516 in the statement of income (loss) in "Foreign exchange loss" (2021: loss of $239) and a gain of $2,734 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $813)
[5] During the six-month period ended June 30, 2022, recorded a loss of $1,879 in the statement of (loss) income in "Foreign exchange loss" (2021: loss of $2,261) and a gain of $1,203 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $1,943)

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

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 and six-month periods ended in June 30, 2022 the Company recorded an unrealized loss of $3,519 [USD 2,731] and $10,752 [USD 8,446], respectively, and a life to date unrealized gain of $3,020 [USD 2,937] 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 and six-month periods ended in June 30, 2022 the Company recorded an unrealized gain of $334 [USD 259] and an unrealized loss of $6,348 [USD 5,021], respectively, and a life to date unrealized gain of $8,987 [USD 7,184] 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 results 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 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	**6,862**
EUR	**1,141**
BRL	**(725)**
ARS	**47**
CLP	**103**
COP	**20**

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 $129,242 as at June 30, 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. 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 $1,362 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 $325 over a one-year period. From January 1, 2022 to August 10, 2022, the CDI rate in Brazil increased from 9.15% to 13.65% and the IBR has increased from 4.20% to 9.72%. As a result, the effective annual interest rate on the Itaú Unibanco and Bancolombia loans are expected to be higher in the following quarters.

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 June 30, 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 $241,019 (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
- one Canadian credit union

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, including rising inflation and interest rates.

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 Q2-22 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.

In the six-month period ended June 30, 2022 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, both in Canada and LATAM, has returned 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.

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.

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 continued risk surrounding the Ukraine conflict and any escalations may have a material adverse impact on our business, financial condition and results of operations.

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

11.8 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.

11.9 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.

ADDITIONAL INFORMATION

Section 12 – Selected Quarterly Financial Information

	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Revenues	**75,820**	63,807	58,273	73,340	65,796	46,069	55,191	45,239
Net (loss) income	**2,516**	(18,811)	(8,301)	(8,586)	29,004	3,558	8,233	17,492
Adjusted EBITDA	**17,890**	13,312	5,696	17,334	9,396	5,580	1,771	4,216
EPS								
Basic	**0.02**	(0.16)	(0.07)	(0.07)	0.23	0.03	0.06	0.14
Diluted	**0.02**	(0.16)	(0.07)	(0.07)	0.23	0.03	0.06	0.14
Cash, cash equivalents and marketable securities	**136,235**	156,396	149,502	156,029	166,121	382,381	392,225	392,352
Total assets	**1,001,134**	995,422	991,891	1,037,614	1,043,647	1,000,795	1,039,676	1,013,963
Total non-current liabilities	**45,411**	44,526	44,571	32,464	36,434	35,375	39,375	32,710

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

Section 13 – Outstanding Share Data

The table below summarizes the share data:

As at	August 10, 2022	June 30, 2022
Common Shares	114,623,079	114,623,079
Stock Options	4,893,228	4,902,742
RSUs	246,252	246,252
PSUs	490,508	490,508
DSUs	77,498	77,498
Warrants	174,228	174,228

On July 12, 2021, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch for 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 ended on July 13, 2022.

On July 12, 2022, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2022 NCIB"). Under the terms of the 2022 NCIB, Knight may purchase for cancellation up to 7,988,986 common shares of the Company which represented 10% of its public float as at June 30, 2022. The 2022 NCIB commenced on July 14, 2022 and will end on the earlier of July 13, 2023 or when the Company completes its maximum purchases under the NCIB. Furthermore, Knight entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB. Under Knight's automatic share purchase plan, the broker may purchase common shares which would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods. A copy of the notice to commence the NCIB is available without charge by contacting the Company by email at info@gudknight.com or by phone at 514-484-4483.

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	Completed	10,267,956	10,267,956	5.25	53,869
July 14, 2022	Active	7,988,986	—	—	—
Total		**41,167,345**	**28,514,818**	**6.08**	**172,954**

For the three and six-month periods ended June 30, 2022, the Company purchased 1,460,684 and 3,194,989 (2021: 1,324,076 and 4,881,416) common shares at an average price of $5.30 for both periods (2021: $5.25 and $5.23) for an aggregate cash consideration of $7,739 and $16,922 (2021: $6,954 and $25,546). The Company did not acquire any common shares subsequent to the quarter ended June 30, 2022.

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 June 30, 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. On July 1, 2022, the interim guideline came into force, with final guidelines expected end of 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.

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

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 are as follows:

[i] Fund commitments

As at June 30, 2022, under the terms of Company's agreements with life sciences venture capital funds, $17,265 (December 31, 2021: $17,785), including $1,854 [US$1,439] and $2,767 [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 August 10, 2022, $16,173 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. As at June 30, 2022, the Company may have to pay up to $344,952 including $71,144 [US$55,210], $133,271 [CHF 98,800] and $2,034 [EUR 1,510] (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 August 10, 2022, the Company may have to pay up to $345,265 upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, as at June 30, 2022, Knight has a commitment to purchase up to $10,899 [EUR 738, CHF 5,412, 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. As at June 30, 2022, for products that are currently launched, the Company has committed to inventory purchases of $223,567 [BRL 484,840, USD 68,380 and CHF 11,745] (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	22,726
2023	52,129
2024	52,882
2025	50,588
2026	12,149
2027 and beyond	33,093
Total	**223,567**

As at August 10, 2022, Knight has a commitment to purchase up to $10,880 of inventory for pharmaceutical products during the five-year period after their respective commercial launch, and has committment to purchase $220,218 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.

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

[iii] Loan commitments

Subject to the Moksha8 Financing Agreement, Knight has committed to loan up to an additional $6,443 [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 and $14 (2021: $41 and $45) to the Company for the three and six-month periods ended June 30, 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.

Geographic Information

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

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Revenues				
Brazil	35,032	31,979	63,310	47,800
Colombia	11,598	11,491	22,969	19,497
Argentina	13,196	9,418	23,791	17,837
Rest of LATAM	9,898	8,770	17,943	17,421
Canada	2,544	1,834	4,641	3,290
Other[1]	3,552	2,304	6,973	6,020
Total	**75,820**	65,796	**139,627**	111,865

[1] Includes Europe, US and other countries

As at June 30, 2022 non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, assets held for sale, right-of-use assets and other long-term receivables were held in the following geographic areas:

As at	**June 30, 2022**	December 31, 2021
	$	$
Canada	64,174	63,858
Brazil	56,633	53,753
Argentina	53,658	50,839
Colombia	21,316	22,812
Uruguay	206,579	182,917
Luxembourg	43,580	45,286
Rest of LATAM	77,806	81,954
Total	**523,746**	**501,419**

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 June 30, 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.

Section 25 – Subsequent Event

Knight executed a settlement agreement and general release ("Settlement Agreement") with the former shareholders of GBT. The Company made certain claims ("Claims") with respect to its indemnification rights under the purchase agreement for the acquisition of GBT. Under the Settlement Agreement, Knight will receive $5.9 million (US$4.6 million) as settlement for the Claims, which will be recorded in the Statement of Income.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

KNIGHT THERAPEUTICS INC.

June 30, 2022

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	*Notes*	**June 30, 2022**	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents	*3*	**93,119**	85,963
Marketable securities	*4*	**43,116**	63,539
Trade receivables	*5*	**78,387**	55,388
Other receivables	*6*	**8,623**	5,056
Inventories	*7*	**76,400**	72,397
Prepaids and deposits		**2,004**	2,165
Other current financial assets	*8, 9*	**13,696**	13,491
Income taxes receivable		**5,006**	6,970
Total current assets		**320,351**	304,969
Prepaids and deposits		**3,104**	3,046
Right-of-use assets		**5,587**	4,671
Property, plant and equipment		**26,844**	25,265
Investment properties		**1,479**	1,457
Intangible assets		**365,115**	350,299
Goodwill		**79,818**	75,403
Other financial assets	*8, 9*	**148,610**	178,952
Deferred income tax assets		**3,844**	2,048
Other long-term receivables	*11*	**44,560**	43,431
		678,961	684,572
Assets held for sale		**1,822**	2,350
Total assets		**1,001,134**	991,891

INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	*Notes*	**June 30, 2022**	December 31, 2021
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		**82,402**	65,309
Lease liabilities		**2,018**	1,614
Other liabilities		**3,361**	1,989
Bank loans	*10*	**24,335**	26,662
Income taxes payable		**3,439**	7,073
Other balances payable		**10,479**	2,655
Total current liabilities		**126,034**	105,302
Accounts payable and accrued liabilities		**233**	281
Lease liabilities		**3,713**	3,417
Bank loan	*10*	**8,148**	9,265
Other balances payable		**24,304**	19,235
Deferred income tax liabilities		**9,013**	12,373
Total liabilities		**171,445**	149,873
Shareholders' equity			
Share capital	*12 [i]*	**611,967**	628,854
Warrants		**117**	117
Contributed surplus		**22,936**	21,776
Accumulated other comprehensive income (loss)	*13*	**19,166**	(376)
Retained earnings		**175,503**	191,647
Total shareholders' equity		**829,689**	842,018
Total liabilities and shareholders' equity		**1,001,134**	991,891

Commitments *[note 18]*

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

[Unaudited]

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2022**	2021	**2022**	2021
Revenues	*15*	**75,820**	65,796	**139,627**	111,865
Cost of goods sold		**37,525**	36,925	**68,855**	62,414
Gross margin		**38,295**	28,871	**70,772**	49,451
Expenses					
Selling and marketing		**10,926**	9,184	**20,616**	16,797
General and administrative		**10,566**	9,451	**19,398**	16,533
Research and development		**3,412**	2,585	**6,395**	5,403
Amortization of intangible assets		**11,055**	7,635	**22,343**	12,937
Operating income (loss)		**2,336**	16	**2,020**	(2,219)
Interest income on financial instruments measured at amortized cost		**(708)**	(647)	**(1,054)**	(1,533)
Other interest income		**(1,719)**	(1,139)	**(2,853)**	(2,251)
Interest expense		**1,717**	668	**2,828**	1,328
Other (income) expense		**(219)**	19	**(129)**	(93)
Net loss (gain) on financial instruments measured at fair value through profit or loss	*8*	**7,692**	(28,472)	**24,055**	(37,945)
Foreign exchange (gain) loss		**(4,507)**	3,194	**1,682**	7,395
Gain on hyperinflation		**(556)**	(182)	**(833)**	(122)
Income (loss) before income taxes		**636**	26,575	**(21,676)**	31,002
Income tax					
Current		**798**	(706)	**971**	(58)
Deferred		**(2,678)**	(1,723)	**(6,352)**	(1,502)
Income tax recovery		**(1,880)**	(2,429)	**(5,381)**	(1,560)
Net income (loss) for the period		**2,516**	29,004	**(16,295)**	32,562
Basic net earnings (loss) per share	*14*	**0.02**	0.23	**(0.14)**	**0.26**
Diluted net earnings (loss) per share	*14*	**0.02**	0.23	**(0.14)**	**0.26**
Weighted average number of common shares outstanding					
Basic	*14*	**115,082,184**	125,971,873	**116,127,721**	127,406,628
Diluted	*14*	**115,177,789**	126,009,078	**116,127,721**	127,443,974

See accompanying note

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Net income (loss) for the period	**2,516**	29,004	**(16,295)**	32,562
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	**4,615**	4,745	**19,760**	(6,309)
Items permanently in other comprehensive income or loss:	**(155)**	(22)	**(218)**	(17)
Net loss on equity investments at fair value through other comprehensive income net of tax of ($59) and ($28) ($3 and $7 for the three and six-month periods ended June 30, 2021)				
Other comprehensive income (loss) for the period	**4,460**	4,723	**19,542**	(6,326)
Total comprehensive income for the period	**6,976**	33,727	**3,247**	26,236

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		—	—	—	—	32,562	**32,562**
Other comprehensive loss for the period		—	—	—	(6,326)	—	**(6,326)**
Comprehensive (loss) income		—	—	—	(6,326)	32,562	**26,236**
Share-based compensation expense	*12 [ii]*	—	—	2,351	—	—	**2,351**
Issuance under share purchase plan	*12 [ii]*	158	—	—	—	—	**158**
Shares purchased under Normal Course Issuer Bid	*12 [iii]*	(26,084)	—	—	—	538	**(25,546)**
Balance as at June 30, 2021		**668,425**	**117**	**21,082**	**(7,829)**	**207,645**	**889,440**
Balance as at January 1, 2022		**628,854**	**117**	**21,776**	**(376)**	**191,647**	**842,018**
Net loss for the period		—	—	—	—	(16,295)	**(16,295)**
Other comprehensive income for the period		—	—	—	19,542	—	**19,542**
Comprehensive income (loss)		—	—	—	19,542	(16,295)	**3,247**
Share-based compensation expense	*12 [ii]*	—	—	1,160	—	—	**1,160**
Issuance under share purchase plan	*12 [ii]*	186	—	—	—	—	**186**
Shares purchased under Normal Course Issuer Bid	*12 [iii]*	(17,073)	—	—	—	151	**(16,922)**
Balance as at June 30, 2022		**611,967**	**117**	**22,936**	**19,166**	**175,503**	**829,689**

See accompanying notes

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]		Three months ended June 30,		Six months ended June 30,	
	Notes	**2022**	2021	**2022**	2021
OPERATING ACTIVITIES					
Net income (loss) for the period		**2,516**	29,004	(16,295)	32,562
Adjustments reconciling net income to operating cash flows:					
Deferred income tax recovery		**(2,678)**	(1,723)	(6,352)	(1,502)
Share-based compensation expense	*12 [ii]*	**820**	1,840	1,218	2,351
Depreciation and amortization		**13,778**	9,030	27,159	15,738
Net loss (gain) on financial instruments	*8*	**7,692**	(28,472)	24,055	(37,945)
Interest expense		**1,717**	668	2,828	1,328
Unrealized foreign exchange (gain) loss		**(5,981)**	699	669	5,356
Gain on hyperinflation		**(556)**	(182)	(833)	(122)
Other income		**(17)**	—	(47)	—
		17,291	10,864	32,402	17,766
Changes in non-cash working capital and other items	*16*	**(5,770)**	1,545	(8,002)	11,850
Cash inflow from operating activities		**11,521**	12,409	24,400	29,616
INVESTING ACTIVITIES					
Purchase of marketable securities		**(43,427)**	(16,103)	(59,235)	(47,895)
Purchase of intangible assets		**(18,216)**	(217,871)	(18,450)	(218,493)
Purchase of property and equipment		**(23)**	(236)	(76)	(430)
Investment in funds	*8 [iv]*	**(413)**	(4,016)	(453)	(5,604)
Proceeds on maturity of marketable securities		**43,324**	63,740	79,870	146,896
Proceeds from repayments of loans receivable	*8 [i]*	—	2,494	407	2,494
Proceeds from disposal of equity investments	*8 [ii]*	—	—	—	2,624
Proceeds from distribution of funds	*8 [iv]*	**3,178**	7,034	3,178	11,370
Cash (outflow) inflow from investing activities		**(15,577)**	(164,958)	5,241	(109,038)
FINANCING ACTIVITIES					
Proceeds from contributions to share purchase plan	*12*	**88**	70	163	134
Proceeds from bank loans		—	—	422	—
Repurchase of common shares through Normal Course Issuer Bid	*12 [iii]*	**(10,259)**	(4,494)	(16,922)	(23,043)
Principal repayment of lease liabilities		**(643)**	(703)	(1,289)	(1,397)
Principal repayments on bank loans		**(5,391)**	(6,063)	(5,391)	(14,911)
Cash outflow from financing activities		**(16,205)**	(11,190)	(23,017)	(39,217)
(Decrease) increase in cash and cash equivalents during the period		**(20,261)**	(163,739)	6,624	(118,639)
Cash and cash equivalents, beginning of the period		**113,457**	271,218	85,963	229,592
Net foreign exchange difference		**(77)**	(4,897)	532	(8,371)
Cash and cash equivalents, end of the period		**93,119**	102,582	93,119	102,582
Supplemental cash flow information:					
Interest received		**2,394**	3,211	3,943	6,928
Interest paid		**(1,728)**	(796)	(2,123)	(1,119)
Net income taxes paid		**(3,150)**	(1,457)	(5,223)	(2,592)

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
RE	Retained earnings
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 and six-month periods ended June 30, 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 and six-month periods ended June 30, 2022 and 2021 were authorized for issue by the Board of Directors on August 10, 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, including rising inflation and interest rates.

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 the six-month period ended June 30, 2022 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.

In the six-month period ended June 30, 2022 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, both in Canada and LATAM, has returned to the office using a hybrid work model following the protocols to ensure compliance with local regulations, ensuring safety of employees, patients and healthcare professionals.

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.

As at June 30, 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	**June 30, 2022**	December 31, 2021
	$	$
Cash in bank	**83,318**	76,929
Cash equivalents	**9,801**	9,034
Total	**93,119**	85,963

4. MARKETABLE SECURITIES

As at	**June 30, 2022**	December 31, 2021
	$	$
Current		
GICs earning interest at rates ranging from 2% to 2.80% and maturing June 2023 (December 31, 2021: 0.65% to 3.37%, January 2022 to June 2022)	**43,116**	63,539
Total current	**43,116**	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 and six-month periods ended June 30, 2022, the Company has recorded an additional ECL of $323 and $445 (2021: decrease in ECL of $431 and $403), respectively, in the statement of income (loss) in "Selling and marketing".

6. OTHER RECEIVABLES

As at	**June 30, 2022**	December 31, 2021
	$	$
Interest receivable	**1,839**	1,545
Other receivables[1]	**4,419**	2,288
Sales and other taxes receivable	**2,365**	1,223
Total	**8,623**	5,056

[1] Includes distribution receivable from strategic funds investments of $1,545 (2021: $389).

7. INVENTORIES

As at	June 30, 2022	December 31, 2021
	$	$
Raw materials	**11,666**	11,168
Work in progress	**1,906**	2,409
Finished goods	**62,828**	58,820
Total	**76,400**	72,397

During the three and six-month periods ended June 30, 2022, the Company recorded inventory write-downs of $614 and $862 (2021: $349 and $572), in the statement of income (loss) in "Cost of goods sold".

8. OTHER FINANCIAL ASSETS

As at	June 30, 2022	December 31, 2021
	$	$
Loans and other receivables *[i]*		
Measured at amortized cost	**6,331**	6,272
Measured at FVTPL	**26,733**	26,796
Equity Investments *[ii]*		
Measured at FVTPL	**1,817**	1,824
Measured at FVOCI	**3,116**	4,876
Derivatives *[iii]*		
Measured at FVTPL	**999**	1,286
Fund Investments *[iv]*		
Measured at FVTPL	**123,310**	151,389
Total	**162,306**	192,443

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

2022	Three months ended June 30			Six months ended June 30		
	Unrealized loss on FA measured at FVTPL	Realized gain on FA measured at FVTPL	Total	Unrealized loss on FA measured at FVTPL	Realized loss (gain) on FA measured at FVTPL	Total
For the period ended June 30, 2022	$	$	$	$	$	$
Loans and other receivables *[i]*	352	—	**352**	415	—	**415**
Equity Investments *[ii]*	469	—	**469**	4	—	**4**
Derivatives *[iii]*	11	—	**11**	34	82	**116**
Fund Investments *[iv]*	9,385	(2,525)	**6,860**	26,045	(2,525)	**23,520**
Total	**10,217**	(2,525)	**7,692**	**26,498**	**(2,443)**	**24,055**

2021	Three months ended June 30			Six months ended June 30		
For the period ended June 30, 2021	Unrealized (gain) loss on FA measured at FVTPL $	Realized gain on FA measured at FVTPL $	Total $	Unrealized (gain) loss on FA measured at FVTPL $	Realized gain on FA measured at FVTPL $	Total $
Loans and other receivables *[i]*	(146)	—	**(146)**	(63)	—	**(63)**
Equity Investments *[ii]*	75	—	**75**	682	(1,639)	**(957)**
Derivatives *[iii]*	78	—	**78**	90	—	**90**
Fund Investments *[iv]*	(23,607)	(4,872)	**(28,479)**	(29,112)	(7,903)	**(37,015)**
Total	**(23,600)**	**(4,872)**	**(28,472)**	**(28,403)**	**(9,542)**	**(37,945)**

[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 June 30, 2022, the nominal loan balance outstanding was $35,893 [US$27,854] (December 31, 2021: $33,691 [US$26,574]). The following table summarizes the movement in loans and other receivables during the six-month period ended June 30.

	Carrying value as at January 1 $	Additions $	Loan repayments $	Net loss on FA $	Foreign exchange[1,2] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2022								
Amortized Cost	6,272	389[3]	(407)	—	77	6,331	2,590	3,741
FVTPL	26,796	—	—	(415)	352	26,733	7,751	18,982
Total	**33,068**	**389**	**(407)**	**(415)**	**429**	**33,064**	**10,341**	**22,723**
2021								
Amortized Cost	8,847	14	(2,494)	—	(205)	6,162	2,490	3,672
FVTPL	24,261	1,366	—	63	(649)	25,041	6,093	18,948
Total	**33,108**	**1,380**	**(2,494)**	**63**	**(854)**	**31,203**	**8,583**	**22,620**

[1] During the three-month period ended June 30, 2022, the Company recorded a gain of $746 in the statement of income (loss) in "Foreign exchange loss" (2021: loss of $291) and a gain of $252 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $151)

[2] During the six-month period ended June 30, 2022, the Company recorded a gain of $295 in the statement of income (loss) in "Foreign exchange loss" (2021: loss of $573) and a gain of $134 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $281)

[3] Includes a reclassification of $1,348 to "Other Receivables"

[ii] Equity investments

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

	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	—	—	(4)	(3)	1,817	1,817	—
FVOCI	4,876	—	(1,550)	(246)	36	3,116	1,277	1,839
Total	**6,700**	**—**	**(1,550)**	**(250)**	**33**	**4,933**	**3,094**	**1,839**
2021								
FVTPL	5,154	—	(2,624)	957	—	3,487	3,487	—
FVOCI	4,464	—	—	135	(84)	4,515	1,488	3,027
Total	**9,618**	**—**	**(2,624)**	**1,092**	**(84)**	**8,002**	**4,975**	**3,027**

Equity investments measured at FVOCI

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

As at	June 30, 2022		December 31, 2021	
	Number of common shares owned	FV $	Number of common shares owned	FV $
Crescita	**1,935,489**	**1,277**	1,935,489	1,258
Synergy[1]	**17,645,812**	**—**	17,645,812	—
Medimetriks[2]	**1,157,504**	**1,839**	2,315,007	3,618
Total		**3,116**		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 $125 [US$97] (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 six-month period ended June 30.

	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)**	**(116)**	**16**	**999**	**261**	**738**
2021	1,493	—	—	(90)	(25)	1,378	180	1,198

[iv] Fund investments

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

	Carrying value as at January 1 $	Additions[1] $	Distributions[2,3] $	Net (loss) gain on FA $	Foreign exchange [4,5] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2022	**151,389**	**453**	**(4,336)**	**(23,520)**	**(676)**	**123,310**	**—**	**123,310**
2021	149,736	5,604	(11,370)	37,015	(4,204)	176,781	9,894	166,887

[1] Investments in equity or debt funds including US$70 and EUR 196 (2021: including US$1,250)

[2] Distributions received or receivable from funds including EUR 2,221 (2021: including US$4,140)

[3] Includes distribution receivable of $1,545 (2021: $389)

[4] During the three-month period ended June 30, 2022, recorded a loss of $1,516 in the statement of income (loss) in "Foreign exchange loss" (2021: loss of $239) and a gain of $2,734 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $813)

[5] [5] During the six-month period ended June 30, 2022, recorded a loss of $1,879 in the statement of (loss) income in "Foreign exchange loss" (2021: loss of $2,261) and a gain of $1,203 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $1,943)

9. MEASUREMENT OF FINANCIAL ASSETS

[i] Fair value hierarchy

As at June 30,	2022 $	Level 1 $	Level 2 $	Level 3 $
Recurring fair value measurements				
Loans measured at FVTPL	**26,733**	**—**	**—**	**26,733**
Equity investments measured at FVTPL	**1,817**	**1,817**	**—**	**—**
Equity investments measured at FVOCI	**3,116**	**1,277**	**—**	**1,839**
Derivatives	**999**	**—**	**—**	**999**
Fund investments measured at FVTPL	**123,310**	**—**	**—**	**123,310**
Total	**155,975**	**3,094**	**—**	**152,881**

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 six-month period ended June 30, 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	June 30, 2022		December 31, 2021	
	US$	**$**	US$	$
Equity investments measured at FVOCI				
Medimetriks	**365**	**470**	730	925
Synergy	**3,764**	**4,850**	3,764	4,772
Total	**4,129**	**5,320**	4,494	5,697

10. BANK LOANS

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

As at June 30, 2022

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	12.74%	Dec 8, 2023	**12,240**	—	**12,240**
Itaú Unibanco Brasil	BRL	2.20% + CDI	13.32%	Dec 28, 2022	**6,270**	—	**6,270**
Bancolombia	COP	2.28% + IBR	6.80%	Oct 12, 2026	**2,512**	**8,148**	**10,660**
Banco ICBC Argentina[1]	ARS	49.5%[2]	49.5%	N/A	**601**	—	**601**
Banco Itaú Argentina[1]	ARS	46.8%[3]	46.8%	N/A	**2,712**	—	**2,712**
Total Bank Loans					**24,335**	**8,148**	**32,483**

[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

As at	June 30, 2022	December 31, 2021
	$	$
Tax deposit – notices of reassessment	41,582	41,582
Other	2,978	1,849
Total	**44,560**	43,431

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 June 30, 2022 is estimated at $2,300 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]	34,879	186
Shares purchased under NCIB	[iii]	(3,194,989)	(17,073)
Balance as at June 30, 2022		**114,623,079**	**611,967**

[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").

Stock options

The fair value of the options granted during the six-month period ended June 30, 2022 was estimated at $1.53 using Black-Scholes option pricing model using the following assumptions:

Six months ended June 30, 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.

	Six-month period ended June 30,			
	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	261,783	5.21	174,417	5.65
Expired/forfeited	(525,171)	8.65	(212,199)	8.14
Balance at end of the period	**4,902,742**	**7.15**	5,261,024	7.42
Options exercisable at the end of the period	**3,918,994**	**7.34**	3,958,307	7.50

Deferred share units

The Company may grant DSUs to any non-employee director of Knight under the Omnibus Plan. During the three months ended June 30, 2022, the Company granted 48,293 DSUs to non-employee board members (2021: 29,205). As at June 30, 2022, the number of outstanding DSUs was 77,498 (29,205 as at June 30, 2021).

Restricted share units and performance share units

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"):

	Six-month period ended June 30, 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	139,353	5.21	279,873	5.21
Forfeited/ cancelled	(4,852)	5.63	(4,852)	5.63
Balance at end of the period	**246,252**	**5.37**	**490,508**	**5.39**
Weighted average remaining contractual life of the share units outstanding at end of period	**2.36 years**		**2.36 years**	

	Six-month period ended June 30, 2021			
	RSUs		PSUs	
	Number of units #	WAFV $	Number of units #	WAFV $
Balance beginning of the period	—	—	—	—
Granted	104,216	5.65	216,904	5.65
Forfeited/ cancelled	(1,928)	5.65	(1,928)	5.65
Balance at end of the period	**102,288**	**5.65**	**214,976**	**5.65**
Weighted average remaining contractual life of the share units outstanding at end of period	**2.88 years**		**2.88 years**	

The Company recorded an expense of $820 and $1,218 (2021: $1,840 and $2,351) for the three and six-month period ended June 30, 2022 related to the share-based compensation under the Share Option Plan and the Omnibus Plan with corresponding credits to contributed surplus net of forfeitures and accrued liabilities for employment taxes.

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 six-month period ended June 30, 2022, the Company issued 34,879 shares (2021: 30,201 shares) under the Purchase Plan for a total of $186 (2021: $158).

[iii] NCIB

During the three and six-month periods ended June 30, 2022, the Company purchased 1,460,684 and 3,194,989 (2021: 1,324,076 and 4,881,416) common shares at an average price of $5.30 for both periods (2021: $5.25 and $5.23) for aggregate cash consideration of $7,739 and $16,922 (2021: $6,954 and $25,546). The Company did not acquire any common shares subsequent to the quarter ended June 30, 2022.

On July 12, 2022, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2022 NCIB"). Under the terms of the 2022 NCIB, Knight may purchase for cancellation up to 7,988,986 common shares of the Company which represented 10% of its public float as at June 30, 2022. The 2022 NCIB commenced on July 14, 2022 and will end on the earlier of July 13, 2023 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.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

As at	June 30, 2022 $	December 31, 2021 $
Net losses on equities at FVOCI net of tax of $622 (2021: $681)	(8,454)	(8,236)
Unrealized gain on translation of foreign operations	27,620	7,860
Total	**19,166**	(376)

14. EARNINGS PER SHARE

Basic

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Net income (loss)	**2,516**	29,004	**(16,295)**	32,562
Weighted average shares outstanding	115,082,184	125,971,873	116,127,721	127,406,628
Basic net income (loss) per share	**$0.02**	$0.23	**(0.14)**	$0.26

Diluted

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Net income (loss)	**2,516**	29,004	**(16,295)**	32,562
Weighted average shares outstanding	115,082,184	125,971,873	116,127,721	127,406,628
Adjustment for share options, RSUs and DSUs	95,605	37,205	—[1]	37,346
Weighted average shares outstanding	**115,177,789**	126,009,078	116,127,721	127,443,974
Diluted net earnings (loss) per share	**0.02**	$0.23	**(0.14)**	$0.26

[1]Adjustments for diluted earnings per share have not been included as the share options, RSUs and DSUs are anti-dilutive for the six-month period ended June 30, 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 months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Revenues				
Brazil	35,032	31,979	63,310	47,800
Colombia	11,598	11,491	22,969	19,497
Argentina	13,196	9,418	23,791	17,837
Rest of LATAM	9,898	8,770	17,943	17,421
Canada	2,544	1,834	4,641	3,290
Other[1]	3,552	2,304	6,973	6,020
Total	**75,820**	65,796	**139,627**	111,865

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

As at June 30, 2022 and December 31, 2021 non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, assets held for sale, right-of-use assets and other long-term receivables were held in the following geographic areas:

As at	**June 30, 2022**	December 31, 2021
	$	$
Canada	64,174	63,858
Brazil	56,633	53,753
Argentina	53,658	50,839
Colombia	21,316	22,812
Uruguay	206,579	182,917
Luxembourg	43,580	45,286
Rest of LATAM	77,806	81,954
Total	**523,746**	**501,419**

16. STATEMENT OF CASH FLOWS

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
	$	**$**	**$**	**$**
Changes in non-cash working capital:				
Decrease (increase) in				
Trade and other receivables	**(13,982)**	(15,937)	**(22,367)**	(4,833)
Prepaids and deposits	**1,395**	907	**486**	2,001
Inventories	**1,019**	907	**1,962**	(494)
Income taxes receivable	**808**	(145)	**1,200**	(381)
Increase (decrease) in				
Accounts payable and accrued liabilities	**8,515**	17,277	**13,450**	18,258
Other liabilities	**(1,230)**	32	**(170)**	66
Income tax payable	**(567)**	(1,377)	**(440)**	(1,648)
Other:				
Other Financial Assets	**—**	677	**—**	—
Interest payment on bank loans	**(1,728)**	(796)	**(2,123)**	(1,119)
	(5,770)	1,545	**(8,002)**	11,850

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 and $14 (2021: $41 and $45) to the Company for the three and six-month periods ended June 30, 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 June 30, 2022 are as follows:

[i] Fund commitments

As at June 30, 2022, under the terms of Company's agreements with life sciences venture capital funds, $17,265 (December 31, 2021: $17,785), including $1,854 [US$1,439] and $2,767 [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 $344,952 including $71,144 [US$55,210], $133,271 [CHF 98,800] and $2,034 [EUR 1,510] (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 $10,899 [EUR 738, CHF 5,412, 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 $223,567 [BRL 484,840, USD 68,380 and CHF 11,745] (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	22,726
2023	52,129
2024	52,882
2025	50,588
2026	12,149
2027 and beyond	33,093
Total	**223,567**

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 $6,443 [US$5,000] (December 31, 2021: $6,339 [US$5,000]) should the borrower meet certain pre-defined profitability targets.

19. SUBSEQUENT EVENT

Knight executed a settlement agreement and general release ("Settlement Agreement") with the former shareholders of GBT. The Company made certain claims ("Claims") with respect to its indemnification rights under the purchase agreement for the acquisition of GBT. Under the Settlement Agreement, Knight will receive $5.9 million (US$4.6 million) as settlement for the Claims, which will be recorded in the Statement of Income.

Stock Exchange Listing
Toronto Stock Exchange
Trading Symbol: GUD

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