KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis

For the three-months ended March 31, 2023

The following is Management's Discussion and Analysis of the financial condition and operating results of Knight Therapeutics Inc. ("Knight" or the "Company") for the three-months ended March 31, 2023. This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three-months ended March 31, 2023 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, 2022. Knight's unaudited interim condensed consolidated financial statements as at and for the three-months ended March 31, 2023 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". All amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

This discussion and analysis was prepared by management from information available as at May 10, 2023. Further information about Knight Therapeutics Inc., including the Annual Information Form, is available online on SEDAR at www.sedar.com.

Cautionary note regarding forward-looking statements

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

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar
Q1-23	First quarter of 2023
Q4-22	Fourth quarter of 2022
Q3-22	Third quarter of 2022
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

Abbreviation	Company
60P	60^{o} Pharmaceuticals LLC
Advaxis	Advaxis Pharmaceuticals Inc.
Alimera	Alimera Sciences Inc.
ANMAT	Argentinian health authority regulatory agency
ANVISA	Brazilian Health Regulatory Agency
Antibe	Antibe Therapeutics Inc.
Ardelyx	Ardelyx, Inc.
Basilea	Basilea Pharmaceuticals Ltd.
Bloom Burton	Bloom Burton Healthcare Lending Trust[2]
BMS	Bristol-Myers Squibb
COFEPRIS	Federal Commission for the Protection against Sanitary Risk
GBT	Biotoscana Investments S.A.
Helsinn	Helsinn Healthcare SA
IFC	International Finance Corporation
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

Abbreviation	Financial (continued)
COP	Colombian Peso
DC&P	Disclosure Controls and Procedures
EPS	Earnings per share to common shareholders
EUR	Euro
FMV	Fair market value
FVTPL	Fair value through profit or loss
IBR	Indicador Bancario de Referencia (Central Bank of Colombia interbank lending rate)
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
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
G&A	General and administrative
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
S&M	Selling and marketing
WAFV	Weighted average fair value

OVERVIEW

Section 1 – About Knight Therapeutics Inc.

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

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

Section 2 – Q1-23 Highlights

Financial Results

- Revenues were $82,597, an increase of $18,790 or 29% over the same period in prior year.
- Gross margin of $40,762 or 49% compared to $32,477 or 51% in the same period in prior year.
- Adjusted EBITDA[1] was $18,237, an increase of $4,925 or 37% over the same period in prior year.
- Adjusted EBITDA per share[2] of $0.17, an increase of $0.05 or 45% over the same period in prior year.
- Net loss on financial assets measured at fair value through profit or loss of $11,847.
- Net loss was $3,937, compared to net loss of $18,811 in the same period in prior year.
- Cash inflow from operations was $3,711, compared to a cash inflow from operations of $12,879 in the same period in prior year.

Corporate Developments

- Purchased 2,243,905 common shares through Knight's NCIB at an average price of $4.83 for an aggregate cash consideration of $10,830.

Products

- Submitted marketing authorization application for tafasitamab in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are not eligible for autologous stem cell transplantation (ASCT) to ANMAT in Argentina in Q1-23.
- Launched Palbocil® (palbociclib) in Argentina in March 2023.
- Obtained regulatory approval for Bapocil® (palbociclib) in Chile in March 2023.

Subsequent to quarter-end

- Shareholders re-elected Jonathan Ross Goodman, Samira Sakhia, James C. Gale, Robert N. Lande, Michael J. Tremblay, Nicolás Sujoy and Janice Murray on the Board of Directors.
- Purchased an additional 1,144,520 common shares through NCIB for an aggregate cash consideration of $5,359.

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

[2] *Adjusted EBITDA per share is a non-GAAP ratio, refer to section "Non-GAAP measures" for additional details.*

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

FINANCIAL RESULTS

Section 3 – Results of Operations

Impact of Hyperinflation

The Company applies IAS 29, Financial Reporting in Hyperinflation Economies, as the Company's Argentine subsidiaries use the Argentine Peso as their functional currency. IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be adjusted based on an appropriate general price index to express the effects of inflation. After applying for the effects of translation, the statement of income is converted using the closing foreign exchange rate of the month. The Company restated the revenues and operating expenses of each of the following months in the three-months ended March 31 using the following general price indexes:

	January	February	March
2023	1.15	1.08	1.00
2022	1.12	1.07	1.00

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

Q1-23

	Reporting under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]
Revenues	**82,597**	**82,667**	(70)	0%
Cost of goods sold	**41,835**	**41,281**	(554)	1%
Gross margin	**40,762**	**41,386**	(624)	2%
Gross margin (%)	***49%***	***50%***		
Expenses				
Selling and marketing	**10,665**	**10,713**	48	0%
General and administrative	**9,106**	**8,887**	(219)	2%
Research and development	**4,187**	**4,102**	(85)	2%
Amortization and impairment of intangible assets	**11,171**	**11,125**	(46)	0%
Operating income	**5,633**	**6,559**	(926)	14%

[1] *Financial results excluding the impact of hyperinflation is a non-GAAP measure. Refer to section "Non-GAAP measures" for additional details.*

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

[3] *Percentage change is presented in absolute values.*

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

Q1-22

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

[1] *Financial results excluding the impact of hyperinflation is a non-GAAP measure. Refer to section "Non-GAAP measures" for additional details.*
[2] *A positive variance represents a positive impact to net income due to the application of IAS 29 and a negative variance represents a negative impact to net income due to the application of IAS 29.*
[3] *Percentage change is presented in absolute values.*

Impact of LATAM Foreign Exchange volatility

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

Rates	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
BRL	3.84	3.87	4.02	3.85	4.12	4.44	4.15	4.30
ARS	141.8	118.9	103.6	92.3	84.1	79.7	77.2	76.46
COP	3,525	3,550	3,363	3,074	3,093	3,080	3,058	3,012
CLP	600	674	712	660	639	656	614	583

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

Variance (%)[1]	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
BRL	1%	4%	-4%	7%	7%	-7%	3%	0%
ARS	-19%	-15%	-12%	-10%	-6%	-3%	-1%	-9%
COP	1%	-6%	-9%	1%	0%	-1%	-2%	-7%
CLP	11%	5%	-8%	-3%	3%	-7%	-5%	-2%

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

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

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[3] 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.

	Q1-23	**Q1-22**	**Variance**	
		Excluding impact of IAS 29[1]		
		Constant Currency[2]	**$[3]**	**%[4]**
Revenues	82,667	66,020	16,647	25%
Cost of goods sold	41,281	30,867	(10,414)	34%
Gross margin	**41,386**	35,153	6,233	18%
Gross margin (%)	**50%**	*53%*		
Expenses				
Selling and marketing	10,713	9,880	(833)	8%
General and administrative	8,887	8,776	(111)	1%
Research and development	4,102	2,901	(1,201)	41%
Amortization and impairment of intangible assets	11,125	11,357	232	2%
Operating income	**6,559**	2,239	4,320	193%
EBITDA[5]	**18,237**	14,193	4,044	28%
Adjusted EBITDA[5]	**18,237**	14,193	4,044	28%

[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.*

[3] *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)

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

	Q1-22			
	Reported under IFRS	*IAS 29 Adjustment*	*Constant Currency Adjustment*	*Constant Currency*[1]
Revenues	63,807	27	2,186	66,020
Cost of goods sold	31,330	(1,307)	844	30,867
Gross margin	32,477	1,334	1,342	35,153
Expenses				
Selling and marketing	9,690	9	181	9,880
General and administrative	8,832	(287)	231	8,776
Research and development	2,983	(141)	59	2,901
Amortization of intangible assets	11,288	(415)	484	11,357
Operating income (loss)	(316)	2,168	387	2,239

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

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

Consolidated Statement of Loss

			Change	
	Q1-23	Q1-22	**$[1]**	**%[2]**
Revenues	**82,597**	63,807	18,790	29%
Cost of goods sold	**41,835**	31,330	(10,505)	34%
Gross margin	**40,762**	32,477	8,285	26%
Gross margin (%)	***49%***	*51%*		
Expenses				
Selling and marketing	**10,665**	9,690	(975)	10%
General and administrative	**9,106**	8,832	(274)	3%
Research and development	**4,187**	2,983	(1,204)	40%
Amortization and impairment of intangible assets	**11,171**	11,288	117	1%
Operating income (loss)	**5,633**	(316)	5,949	n/a[4]
Interest income on financial instruments measured at amortized cost	**(2,179)**	(346)	1,833	530%
Other interest income	**(1,173)**	(1,134)	39	3%
Interest expense	**2,791**	1,111	(1,680)	151%
Other expense	**94**	90	(4)	4%
Net loss on financial assets measured at fair value through profit or loss	**11,847**	16,363	4,516	28%
Foreign exchange (gain) loss	**(73)**	6,189	6,262	101%
Gain on hyperinflation	**(728)**	(277)	451	163%
Income (loss) before income taxes	**(4,946)**	(22,312)	17,366	78%
Income tax				
Current	**2,106**	173	(1,933)	n/a[4]
Deferred	**(3,115)**	(3,674)	(559)	15%
Income tax recovery	**(1,009)**	(3,501)	(2,492)	71%
Net loss for the period	**(3,937)**	(18,811)	14,874	79%
Basic and diluted net loss per share	**(0.04)**	(0.16)	0.12	75%
EBITDA[3]	**18,237**	13,312	4,925	37%
Adjusted EBITDA[3]	**18,237**	13,312	4,925	37%

[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.
[4] Percentage change not relevant

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

Revenues

Therapeutic Area	Q1-23 *Excluding impact of IAS 29*[3] $	Q1-22 *Excluding impact of IAS 29*[3] $	Q1-22 *Constant Currency*[4] $	Change *Excluding impact of IAS 29*[3] $[1]	% [2]
Oncology/Hematology	**29,141**	23,816	**24,140**	5,325	22%
Infectious Diseases	**30,848**	26,682	**27,961**	4,166	16%
Other Specialty	**22,678**	13,336	**13,919**	9,342	70%
Total	**82,667**	63,834	**66,020**	18,833	30%

[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*

For the quarter ended March 31, 2023, excluding the impact of hyperinflation, revenues increased by $18,833 or 30% compared to the same period in prior year. The increase in revenues excluding the impact of hyperinflation is explained by the following:

- **Oncology/Hematology:** The oncology/hematology portfolio grew by approximately $7,600 due to continued growth of key promoted products including Halaven®, Lenvima® and Trelstar® and the assumption of commercial activities of Akynzeo® in Brazil, Argentina and Canada. This increase is offset by a reduction in revenues of our mature and branded generics products due to their lifecycle including the market entrance of new competitors.

  Infectious Diseases: The infectious disease portfolio grew by approximately $7,800, excluding the impact of the planned transition and termination of the Gilead Amendment. This growth is driven by our key promoted products and the buying patterns of certain customers. In addition, Knight recorded revenues of $2,400 in Q1-23 related to a one-time sales contract with the Ministry of Health in Brazil for Ambisome® ("2022 MOH Contract"). The 2022 MOH Contract was signed in December 2022 for a total value of $18,400 of which $7,000 was delivered in 2022, $2,400 in Q1-23 and $9,000 in April 2023.

  In addition to the full amount of the 2022 MOH Contract of $18,400, subsequent to the quarter, Knight received an order for an additional $9,000 ("2023 MOH Contract") from the Ministry of Health of Brazil which was delivered in April 2023.

  Other Specialty: The Other Specialty portfolio grew by approximately $6,200 excluding the impact of the change in accounting treatment of Exelon® from net profit transfer to revenues with related cost of sales. The increase is mainly due to advance purchases of Exelon® driven by the commercial transition from Novartis to Knight in certain countries as well as the purchasing patterns of certain customers.

All the pharmaceutical products sold by Knight are categorized as either innovative or BGx products. The description of each portfolio are as follows:

Innovative Portfolio: The portfolio consists of the pharmaceutical products with innovative molecules and includes both in-licensed products such as Lenvima®, Cresemba®, Halaven®, Trelstar®, Akynzeo®, Ambisome® as well as products owned (or partially owned) by Knight such as Exelon® and Impavido®. The categories of the portfolio are as follows:

- Innovative – Promoted portfolio: consists of products on which the Company invest in commercial activities such as sales force promotion and medical activities.
- Innovative – Mature: consists of products that require lower level of promotional activities and/or products that have reached their peak market capture potential.

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

- Innovative – Discontinued: consists of products that the company has stopped commercializing or is in the process of discontinuing sales.

BGx Portfolio: The portfolio consists of branded generic products which are pharmaceutically equivalent to an innovative molecule. The branded generics are a given a brand name to differentiate the product from ordinary generics or other branded generics. The Company's branded generic portfolio currently primarily consists of products manufactured at our facilities in Argentina for commercialization in Argentina and the rest of Latin America (excluding Brazil and Mexico). The categories of portfolio is as follows:

- BGx New Launches: consists of branded generic pharmaceutical products in the first three years of launch.
- BGx Mature: consists of products which have been launched for more than three years.
- BGx – Discontinued: consists of products that the company has stopped commercializing or is in the process of discontinuing sales.

During the quarter ended March 31, 2023, excluding the impact of IAS 29 the Company generated $68,328 or 83% of total revenues from its innovative portfolio and $14,339 or 17% of total revenues from its BGx portfolio.

	Q1-23	**Q1-22**	**Change**	
	Excluding impact of IAS 29[3]	*Excluding impact of IAS 29[3]*	*Excluding impact of IAS 29[3]*	
Product portfolio	**$**	**$**	**$[1]**	**%[2]**
Innovative – Promoted	**57,190**	32,205	24,985	78%
Innovative – Mature	**10,631**	12,564	(1,933)	15%
Total excluding discontinued	**67,821**	44,769	23.052	51%
Innovative – Discontinued	**507**	4,476	(3,969)	89%
Total Innovative	**68,328**	49,245	19,083	39%
BGx – New Launches	**2,875**	2,461	414	17%
BGx – Mature	**10,893**	11,156	(263)	2%
Total excluding discontinued	**13,768**	13,617	151	1%
BGx – Discontinued	**571**	972	(401)	41%
Total BGx	**14,339**	14,589	(250)	2%
Total	**82,667**	63,834	18,834	30%

[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] *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*

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

	Change *Excluding impact of IAS 29*[3]		
Product portfolio	**$**[1]	**%**[2]	
Innovative – Promoted	24,985	78%	• Growth in revenues of $12,885 driven by: o Continued growth of promoted products including Lenvima® , Halaven®, Cresemba® and Trelstar® o The relaunch of Akynzeo in Brazil, Argentina, and Canada in Q3-22 and Q4-22 respectively • Incremental revenue of $9,700 related to advance purchases and accounting treatment of Exelon® as follows: o $3,500 due to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales of Exelon® and, o $6,200 due to advance purchases of Exelon® as a result of commercial transition from Novartis to Knight in certain countries as well as purchasing patterns of certain customers. • Incremental revenue of $2,400 related to the Ambisome ® MOH Contract
Innovative - Mature	(1,933)	15%	• Due to lifecycle and timing of sales of certain products
Innovative - Discontinued	(3,969)	89%	• Due to planned transition and termination agreement of the Gilead Amendment effective July 1, 2022
Total Innovative	**19,083**	**39%**	
BGx - New Launches	414	17%	• Due to continued growth in newly launched BGx products, including Dolufevir® in Argentina
BGx - Mature	(263)	2%	• Due to lifecycle of products including entrance of new competition
BGx - Discontinued	(401)	41%	• Discontinuation of the products at the end of their lifecycle
Total BGx	**(250)**	**2%**	
Total	**18,834**	**30%**	

[1] *Percentage change is presented in absolute values*
[2] *Revenues excluding the impact of IAS 29 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)

Gross margin	• Under IFRS, for the quarter ended March 31, 2023, gross margin, as a percentage of revenues, was 49% in Q1-23 and 51% Q1-22. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 50% in Q1-23 and 53% in Q1-22. The decrease in gross margin, as a percentage of revenues, is due to product mix including Exelon® recorded as a net profit transfer in Q1-22 compared to revenues with related cost of sales in Q1-23.
Selling and marketing	• No significant variance
General and administrative	• No significant variance
Research and development expenses	• For the quarter ended March 31, 2023, R&D increased by $1,204 or 40%. Excluding the impact of IAS 29, the increase is $1,260 or 42%. The increase is driven by compensation expense and medical initiatives related to key promoted products including Akynzeo® in-licensed in H2-22.
Amortization of intangible assets	• No significant variance
Interest income	• 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 Q1-23 was $3,352, an increase of 126% or $1,872 compared to the same period in prior year due to higher interest rates on cash and marketable securities.
Interest Expense	• The interest expense for Q1-23 includes the interest expense on bank loans of $2,593 (Q1-22: $930) and interest expense of lease liabilities of $198 (Q1-22: $181). • Interest expense for Q1-23 increased by $1,680 or by 151%, compared to the same prior year period, due to higher average loan balance resulting from IFC loan received in December 2022 and higher variable interest rates, partially offset by principal repayments of Itaú Unibanco Brasil and Bancolombia bank loans in 2022. Refer to Section 7 for further information on the bank loans.
Net gain or loss on financial assets measured at fair value through profit or loss	• Net loss on financial assets measured at fair value through profit and loss for Q1-23 was $11,847, mainly driven by negative mark-to-market adjustments as a result of the decline in the share prices of the publicly-traded equities held by our strategic fund investments. • Refer to Section 10 for further information.
Foreign exchange (gain) loss	• The foreign exchange loss in Q1-22 is mainly driven by the unrealized losses due to the appreciation of the CAD vs. the USD and EURO.
Gain (loss) on hyperinflation	• Relates to gain on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to "Impact of Hyperinflation" below for further details. • Refer to note 2.3 in the Annual Financial Statements for further details on hyperinflation accounting.

Income tax expense	• The income tax recovery for Q1-23 is driven by the recognition of certain deferred tax assets due to timing differences related to our financial assets, tax loss in certain jurisdictions and certain intercompany transactions, offset by current income tax expense due to operating income. • The income tax recovery for Q1-22 is driven by the recognition of certain deferred tax assets due tax losses generated and timing differences related to our financial assets.

Non-GAAP measures

The Company discloses non-GAAP measures and adjusted EBITDA per share ratio 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 and adjusted EBITDA per share ratio 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 allocation accounting adjustments, and the impact of IAS 29 (accounting under hyperinflation) but to include costs related to leases.

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

Adjusted EBITDA per share: Adjusted EBITDA over number of common shares outstanding at the end of the respective period.

Reconciliation to adjusted EBITDA

For the three-months ended March 31, 2023, the Company calculated EBITDA and adjusted EBITDA as follows:

			Change	
	Q1-23	Q1-22	**$[1]**	**%[2]**
Operating income (loss)	**5,633**	(316)	5,949	n/a[3]
Adjustments to operating loss:				
Amortization and impairment of intangible assets	**11,171**	11,288	(117)	1%
Depreciation of property, plant and equipment and ROU assets	**1,912**	2,093	(181)	9%
Lease costs (IFRS 16 adjustment)	**(731)**	(646)	(85)	13%
Impact of IAS 29	**252**	893	(641)	72%
EBITDA[4]	**18,237**	13,312	4,925	37%
Acquisition and transaction costs	**—**	—	—	n/a[3]
Other non-recurring expenses	**—**	—	—	n/a[3]
Adjusted EBITDA[4]	**18,237**	13,312	4,925	37%

[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] Percentage change is not relevant
[4] 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 acquisitions.
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.

Adjusted EBITDA Q1-23 vs Q1-22

For the three-month period ended March 31, 2023, adjusted EBITDA increased by $4,925 or 37%. The growth in adjusted EBITDA is driven by an increase in gross margin of $8,285 offset by an increase in operating expenses. Refer to above explanations for further details.

Adjusted EBITDA per share: Adjusted EBITDA over number of common shares outstanding at the end of the respective period.

The Company calculated adjusted EBITDA per share as follows:

	Q1-23	Q1-22
Adjusted EBITDA[1]	**18,237**	13,312
Adjusted EBITDA per common share[1]	**0.166**	0.114
Number of common shares outstanding at period end (in thousands)	**110,082**	116,546

[1] Adjusted EBITDA is non-GAAP measure and adjusted EBITDA per share is a non-GAAP ratio, refer to the definitions in section "Non-GAAP measures" for additional details

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

FINANCIAL CONDITION

Section 4 – 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.

Rates	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
BRL	3.75	3.90	3.94	4.05	3.80
ARS	154.30	130.53	107.12	97.07	88.72
COP	3,436	3,584	3,322	3,205	3,012
CLP	584	629	703	718	631

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

Variance (%)[1]	Q1-23	Q4-22	Q3-22	Q2-22
BRL	4%	1%	3%	-7%
ARS	-18%	-22%	-10%	-9%
COP	4%	-8%	-4%	-6%
CLP	7%	10%	2%	-14%

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

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

Balance Sheets

			Change	
	03-31-23	12-31-22	**$**	**%[1]**
ASSETS				
Current				
Cash and cash equivalents	**56,218**	71,679	(15,461)	22%
Marketable securities	**89,094**	85,826	3,268	4%
Trade receivables	**103,573**	94,890	8,683	9%
Other receivables	**13,254**	12,930	324	3%
Inventories	**98,988**	92,489	6,499	7%
Prepaids and deposits	**1,773**	1,704	69	4%
Other current financial assets	**38,062**	33,716	4,346	13%
Income taxes receivable	**2,248**	2,385	(137)	6%
Total current assets	**403,210**	395,619	7,591	2%
Marketable securities	**15,157**	15,169	(12)	0%
Prepaids and deposits	**3,927**	4,355	(428)	10%
Right-of-use assets	**5,455**	5,827	(372)	6%
Property, plant and equipment	**16,810**	16,806	4	0%
Intangible assets	**331,518**	338,780	(7,262)	2%
Goodwill	**84,797**	82,274	2,523	3%
Other financial assets	**126,746**	142,847	(16,101)	11%
Deferred income tax assets	**13,509**	9,310	4,199	45%
Other long-term receivables	**43,645**	43,849	(204)	0%
	641,564	659,217	(17,653)	3%
Total assets	**1,044,774**	1,054,836	(10,062)	1%

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

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

			Change	
	03-31-23	12-31-22	**$**	**%[1]**
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities	**107,989**	106,061	1,928	2%
Lease liabilities	**2,132**	2,578	(446)	17%
Other liabilities	**1,687**	5,793	(4,106)	71%
Bank loans	**20,293**	17,674	2,619	15%
Income taxes payable	**2,252**	2,274	(22)	1%
Other balances payable	**1,099**	6,941	(5,842)	84%
Total current liabilities	**135,452**	141,321	(5,869)	4%
Accounts payable and accrued liabilities	**3,005**	2,669	336	13%
Lease liabilities	**5,172**	5,050	122	2%
Bank loans	**55,040**	52,398	2,642	5%
Other balances payable	**21,903**	23,176	(1,273)	5%
Deferred income tax liabilities	**5,333**	4,365	968	22%
Total liabilities	**225,905**	228,979	(3,074)	1%
Shareholders' Equity				
Share capital	**587,173**	599,055	(11,882)	2%
Warrants	**117**	117	—	0%
Contributed surplus	**24,447**	23,664	783	3%
Accumulated other comprehensive income	**48,154**	41,266	6,888	17%
Retained earnings	**158,978**	161,755	(2,777)	2%
Total shareholders' equity	**818,869**	825,857	(6,988)	1%
Total liabilities and shareholders' equity	**1,044,774**	1,054,836	(10,062)	1%

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

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

	03-31-23 vs 12-31-22
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 $8,683 or 9%, mainly due to the timing of payments from certain customers.
Other receivables (current)	• No significant variance. • Refer to note 6 in the Interim Financial Statements for further details.
Inventories	• Increase in inventory of key promoted products due to growth including Ambisome® in anticipation of the Q2-23 deliveries of the MOH Contract.
Other financial assets (current and long term)	Other financial assets decreased by $11,755, or 7%, explained mainly by the following: **Equity investments and Derivatives:** decrease of $417 driven by the revaluation of equity investments and derivatives. Refer to note 8 in the Interim Financial Statements for further information. **Funds:** decrease of $11,387 due to negative mark-to-market adjustments of $11,522 driven mostly by the decline in the share prices of the publicly-traded equities held by our strategic fund investments, distributions received and receivable of $509, offset by capital calls of $21 and foreign exchange gains of $623. Refer to Section 10 for further information on Knight's strategic investments.
Income tax receivable	• No significant variance
Intangible assets	• Decrease due to amortization charge during the period, offset by increase in a sales milestone and appreciation of certain LATAM currencies 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 assets recognized on tax losses generated in certain jurisdictions and certain temporary differences related to financial assets and change in temporary differences related to intercompany transactions.

	03-31-23 vs 12-31-22
Other receivables (long-term)	• No significant variance.
Accounts payable and accrued liabilities (current and long term)	• No significant variance.
Bank loans (current and long term)	• Increase in bank loans due to the accrued interest of $2,186 and the appreciation of BRL, COP, CLP and MXN against CAD. • For further details on the bank loans held by Knight, refer to Section 7.
Income tax payable	• No significant variance
Other balances payable (current and long term)	• Decrease due to payment of sales and regulatory milestones in accordance with in-license agreements on certain products including AKYNZEO® and ALOXI® from Helsinn.
Deferred income tax liability	• Increase is mainly explained by the changes in temporary differences.
Share capital	• Decrease due to the purchase of Knight's common shares under the NCIB, partially offset by share issuance under ESPP. • Refer to note 12 (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 consolidated statement of changes in equity in the Interim Financial Statements for further information.
Retained earnings	• Decrease due to net loss generated and common shares purchased through the NCIB. • Refer to the consolidated statement of changes in equity in the Interim Financial Statements for further information.

Section 5 – Notices of Reassessment

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

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA respectively in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at March 31, 2023 is estimated at $3,261 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 accrual.

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

Section 6 – Liquidity and Capital Resources

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

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

			Change	
	Q1-23	Q1-22	**$**	**%**[1]
Net cash from operating activities	**3,711**	12,879	(9,168)	71%
Net cash used in investing activities	**(8,714)**	20,818	(29,532)	142%
Net cash from (used in) financing activities	**(11,267)**	(6,812)	(4,455)	65%
Increase in cash and cash equivalents during the period	**(16,270)**	26,885	(43,155)	161%
Net foreign exchange difference	**809**	609	200	33%
Cash and cash equivalents beginning of the period	**71,679**	85,963	(14,284)	17%
Cash and cash equivalents, end of the period	**56,218**	113,457	(57,239)	50%
Marketable securities[2], end of the period	**104,251**	42,939	61,312	143%
Cash and cash equivalents, and marketable securities[2], end of the period	**160,469**	156,396	4,073	3%
Cash and cash equivalents, net of bank loans	**(19,115)**	72,432	(91,547)	126%

[1] *Percentage change is presented in absolute values.*
[2] *Including marketable securities pledged as restricted cash collateral under the IFC loan. Refer to note 4 of Interim Financial Statements for further details.*

	Q1-23	**Q1-22**
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, unrealized 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 March 31, 2023, cash inflow from operations was $3,711. The net loss for the quarter plus adjustments of non-cash items such as depreciation, amortization and impairment of $13,083 which is offset by an increase in working capital of $14,925. The increase in the working capital is mainly due to the timing of payments from certain customers and an increase in inventory of key promoted products due to growth including Ambisome® in anticipation of the Q2-23 deliveries of the MOH Contract. Furthermore, the net cash from operating activities included an inflow of $2,518 related to net interest received mainly driven by the timing of maturity of marketable securities.	For the three-month period ended March 31, 2022, cash inflow from operations was $12,879 driven by the operating results adjusted for noncash items such as depreciation and amortization offset by an increase in working capital of $2,219. Refer to note 16 for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $1,154 related to net interest received mainly driven by the timing of maturity of marketable securities.

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

	Q1-23	Q1-22
Net cash from investing activities	For the three-month period ended March 31, 2023, cash flows were mainly driven by: • net purchase of marketable securities of $3,248 driven by higher interest rates on GICs; • acquisition of intangibles and property and equipment of $7,791 mainly due to sales and regulatory milestones on certain products including the in-licensing of AKYNZEO® and ALOXI® from Helsinn; and • proceeds from disposal of investments in Medimetriks of $2,347.	For the three-month period ended March 31, 2022, cash flows were mainly driven by: • investment in funds of $40; • acquisition of intangibles and property and equipment of $287; • net proceeds on marketable securities of $20,738; and • net proceeds from loan receivables of $407.
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.	

The Company had the following indebtedness, including accrued interest expense, as at the end of the following periods:

As at March 31, 2023

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	15.44%	Dec 8, 2023	**9,203**	**—**	**9,203**
Bancolombia	COP	2.28% + IBR	11.23%	Oct 12, 2026	**2,685**	**6,460**	**9,145**
Banco Itaú Argentina[1]	ARS	76%[2]	N/A	N/A	**1,713**	**—**	**1,713**
FIFC	BRL	1.6% + CDI	15.83%	Oct 15, 2027	**3,820**	**24,301**	**28,121**
IFC	CLP	7.71%	7.86%	Oct 15, 2027	**1,549**	**9,869**	**11,418**
IFC	COP	1.6% + IBR	14.15%	Oct 15, 2027	**1,010**	**11,076**	**12,086**
IFC	MXN	1.6% + TIIE	13.62%	Oct 15, 2027	**313**	**3,334**	**3,647**
Total Bank Loans					**20,293**	**55,040**	**75,333**

[1] *Overdraft balances*
[2] *The interest rate is calculated and compounded on a monthly basis.*

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

As at December 31, 2022

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	13.36%	Dec 8, 2023	8,487	—	8,487
Bancolombia	COP	2.28% + IBR	8.07%	Oct 12, 2026	2,299	6,194	8,493
Banco ICBC Argentina[1]	ARS	77%[2]	N/A	N/A	344	—	344
Banco Itaú Argentina[1]	ARS	76%[2]	N/A	N/A	1,270	—	1,270
IFC	BRL	1.6% + CDI	15.83%	Oct 15, 2027	3,121	23,309	26,430
IFC	CLP	7.71%	7.86%	Oct 15, 2027	1,202	9,198	10,400
IFC	COP	1.6% + IBR	13.29%	Oct 15, 2027	735	10,613	11,348
IFC	MXN	1.6% + TIIE	13.07%	Oct 15, 2027	216	3,084	3,300
Total Bank Loans					17,674	52,398	70,072

[1] Overdraft balances
[2] The interest rate is calculated and compounded on a monthly basis.

The security and repayment terms of the bank loans are as follow:

	Currency of debt	Maturity	Repayment terms	Security/guarantee
Banks				
Itaú Unibanco Brasil	BRL	Dec 8, 2023	Semi-annual	• First Demand Corporate Guarantee of Knight Therapeutics Europe S.A. • Select trade accounts receivables
Bancolombia	COP	Oct 12, 2026	Semi-annual	• None
IFC	BRL	Oct 15, 2027	Semi-annual[1]	• Shares of certain Knight subsidiaries • Restricted cash collateral of 35% of the principal balance outstanding.
IFC	CLP	Oct 15, 2027	Semi-annual[1]	
IFC	COP	Oct 15, 2027	Semi-annual[1]	
IFC	MXN	Oct 15, 2027	Monthly[1]	

[1] Commencing October 15, 2023

PRODUCT ACQUISITION STRATEGY

Section 7 – 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 platform including, 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 & In-licensing of branded generic products

The Company's branded generic development efforts include the internal development of branded generics for Argentina and other LATAM markets (excluding Brazil and Mexico) and the in-licensing of branded generics for LATAM markets including Brazil and Mexico. The Company continues to maintain a targeted internal development effort to develop and manufacture branded generics products for launch in Argentina and eventually in certain markets in Latin America. In addition to internal development, the growth of the branded generic portfolio is supplemented through in-licensing of additional molecules. This strategy complements the in-house development efforts by providing access to the two largest pharmaceutical markets of Latin America, namely Brazil and Mexico. In addition, it allows access to branded generics products that cannot be developed or manufactured in-house by the Company.

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

Prescription Pharmaceutical Products

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

PRODUCT	INDICATION[1,2,4]	TERRITORY[3]						PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Oncology/Hematology								
Tafasitamab	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)		Submitted	Submitted	Submitted	Pre-registration	Pre-registration	Incyte
Pemigatinib	Metastatic cholangiocarcinoma		Pre-registration	Pre-registration	Submitted	Pre-registration	Pre-registration	Incyte
Akynzeo®	Prevention of chemotherapy-induced acute and delayed nausea and vomiting	Q4-22	Q3-22	Q3-22				Helsinn
Aloxi®	Prevention of acute nausea and vomiting associated with moderately and highly emetogenic cancer chemotherapy	Q4-22						Helsinn
Fostamatinib	Treatment of chronic immune thrombocytopenia		Pre-registration	Pre-registration	Pre-registration	Pre-registration		Rigel
Nerlynx®	Extended adjuvant breast cancer and metastatic breast cancer	Q4-19						Puma
Trelstar®	Advanced prostate cancer	Q2-20						Debiopharm
Vidaza®	Myelodysplastic syndrome		Q2-10					Celgene (BMS)
Abraxane®	Metastatic pancreatic cancer		Q4-17					Celgene (BMS)
Halaven ®	Metastatic breast cancer and soft tissue sarcoma		Q4-17	Q4-19	Q2-22		Marketed	Eisai
Lenvima®	Differentiated thyroid cancer and unresectable hepatocellular carcinoma		Q4-17		Q1-22		Marketed	Eisai
Lenvima®	Advanced renal cell cancer		Q4-17				Marketed	Eisai
BGx								
Ladevina®	Multiple myeloma; myelodysplastic syndrome			2011	Q3-19		Marketed	Own
Ladevina®	Mantle Cell Lymphoma; follicular lymphoma			2011			Marketed	Own
Zyvalix®	Metastatic prostate cancer			2014	Q2-18		Marketed	Own
Karfib®	Relapsed or refractory multiple myeloma			Q4-19	Submitted		Marketed	Own
Leprid®	Palliative treatment of advanced prostate cancer			Pre-2019				Own
Rembre®	Chronic myeloid leukemia			2013	Q1-22		Marketed	Own
Palbocil®, Bapocil®	Breast cancer			Q1-23	Submitted		Approved	Own

[1] The products in "pre-registration" have not yet been submitted for regulatory review and products in "submitted" are currently under regulatory review. The indication for all products classified as "pre-registration" or "submitted" is the anticipated indication upon regulatory approval.

[2] Refer to the "Products" section below for further details on the indication.

[3] The products with an associated date are currently marketed by Knight in the respective territory. The information provided represents the date when the product was launched by Knight or when it was acquired or in-licensed by Knight if such products had existing sales.

[4] The products in "Approved" have been approved by regulatory authorities but not yet commercially launched.

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

PRODUCT	INDICATION[1,2]	TERRITORY[3]						PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Infectious Diseases								
Ambisome®	Invasive fungal infection		1997					Gilead
Cresemba®	Invasive fungal infection		Q2-20	Q3-19	Q3-19	Q2-19	Marketed	Basilea
Impavido®	Leishmaniasis						Marketed	Own
BGx								
Dolufevir®	HIV infection			Q2-21				Own
Other Specialty								
Exelon®	Symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's and Parkinson's disease	Q2-21	Q2-21	Q2-21	Q2-21	Q2-21	Marketed	Own
Ibsrela®	IBS-C	Q1-21						Ardelyx
Salofalk®	Ulcerative colitis			2007	Pre-2019		Marketed	Dr. Falk
Ursofalk®	Primary biliary cirrhosis			2007	Pre-2019		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			2017			Marketed	Own
Toliscrin® DPI	Pseudomonas aeruginosa lung infection in patients with cystic fibrosis			2017			Marketed	Own
Toliscrin® 1-2	Severe acute or resistant chronic infections due to colistin sensitive strains of gram-negative pathogenic bacilli			2017			Marketed	Own
Tobradosa Haler®	Chronic lung infections due to Pseudomonas aeruginosa			2018			Marketed	Own

[1] The products in "pre-registration" have not yet been submitted for regulatory review and products in "submitted" are currently under regulatory review. The indication for all products classified as "pre-registration" or "submitted" is the anticipated indication upon regulatory approval.

[2] Refer to the "Products" section below for further details on the indication.

[3] Products with dates represent products currently marketed by Knight. The information provided represents the date at which the product was launched by Knight or date at which product with existing sales was acquired or in-licensed by Knight.

[4] The products in "Approved" have been approved by regulatory authorities but not yet commercially launched.

Oncology/Hematology

INNOVATIVE

Tafasitamab and Pemigatinib

On September 22, 2021, Knight entered into a supply and distribution agreement with Incyte for the exclusive rights to distribute tafasitamab (sold as Monjuvi® in the United States and as Minjuvi® in Europe and Canada) and pemigatinib (Pemazyre®) in 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, Europe, Canada and other countries for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma ("DLBCL") who are not eligible for autologous stem cell transplantation (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[4,5].

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%[6] of patients with intrahepatic cholangiocarcinoma, whereas the incidence in patients with extrahepatic c holangiocarcinoma is rare. There are approximately 4,000 - 6,000 new cases of intrahepatic cholangiocarcinoma each year in Latin America[3,7]. Pemigatinib is also approved in the U.S. for the treatment of adults with relapsed or refractory myeloid/lymphoid neoplasms (MLNs) with FGFR1 rearrangement.

Knight submitted a marketing authorization application for tafasitamab in combination with lenalidomide for the treatment of adult patients with DLBCL who are not eligible for ASCT to ANVISA in Brazil in October 2022, INVIMA in Colombia in December 2022, and ANMAT in Argentina in January 2023. Knight expects to submit a further marketing authorization application for tafasitamab in a key LATAM country in the first half of 2023. The Company submitted a marketing authorization application for pemigatinib to INVIMA in Colombia in December 2022.

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[8,9]. 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.

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[4] *Globocan 2020.*

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

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

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

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

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

According to IQVIA data, AKYNZEO® and ALOXI® sales in Canada were $1,909 for the three-month period ended March 31, 2023, which represents a growth of 20% compared to the same period in prior year.

Knight assumed commercial activities and re-launched AKYNZEO® in Brazil, Argentina and Canada, and ALOXI® in Canada in 2022.

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 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 discovered. Rigel conducted an in-depth analysis of these data to better understand differences in patient characteristics and outcomes and submitted these findings to the FDA. In October 2022, Rigel announced that they received guidance from the FDA's review of these findings. Based on the result of the trial and the guidance from the FDA, Rigel did not file a supplemental New Drug Application (sNDA) for this indication. On November 1, 2022, Rigel announced the top-line results from its Phase 3 clinical trial of fostamatinib in high-risk hospitalized COVID-19 patients. While the trial approached but did not meet statistical significance (p=0.0603) in the primary efficacy endpoint of the number of days on oxygen through Day 29, all prespecified secondary endpoints in the study numerically favored fostamatinib over placebo, including mortality, time to sustained recovery, change in ordinal scale assessment, and number of days in the ICU. Knight expects to submit fostamatinib in key LATAM countries over the next twelve months.

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 $747 for the three-month period ended March 31, 2023, which represents a growth of 94% 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 $1,524 for the three-month period ended March 31, 2023, which represents a growth of 74% compared to the same period 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 cancer who have progressed after at least one chemotherapeutic regimen[10] 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.

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[11]. 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.

BRANDED GENERIC

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[10], (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[10], 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.

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.

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

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

[11] *Indication not included in Colombia.*

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.

Leprid®

Leprid® (leuprolide acetate) is indicated for palliative treatment of advanced prostate cancer. Leprid® is currently marketed in Argentina.

Rembre®

Rembre® (dasatinib) is indicated for treatment of chronic myeloid leukemia with positive Philadelphia chromosome (Ph+). Rembre® is marketed in Argentina and received regulatory approval ® in Colombia and launched the product in February 2022.

Palbocil® and Bapocil®

Palbocil® and Bapocil® (palbociclib) are indicated for the treatment of patients with hormone receptor (HR)positive, human epidermal growth factor receptor 2 (HER2)-negative locally advanced or metastatic breast cancer in combination with: an aromatase inhibitor as initial endocrine-based therapy in post-menopausal women; or fulvestrant in patients with disease progression after prior endocrine therapy. Palbocil® was launched in Argentina in March 2023 and Bapocil® was approved in Chile in March 2023. In addition, Knight filed for regulatory approval for Bapocil® in Colombia in Q4-2022.

Infectious Diseases

INNOVATIVE

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.

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.

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.

BRANDED GENERIC

Dolufevir®

Dolufevir® (dolutegravir) in combination with other antivirals is indicated for the treatment of HIV-infected adults, adolescents and children ≥ 6 years of age and weighing at least 20 kg.

Other Specialty Therapeutic Areas

INNOVATIVE

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 has assumed the commercial activities of Exelon® in Colombia in Q2-22, Brazil, Uruguay, Argentina & Chile in Q3-22 and Mexico, Peru, Ecuador & Canada in Q4-22. In addition, as at May 10, the marketing authorizations of Exelon® for Brazil, Colombia, Argentina, Mexico, Chile, Peru and Canada were transferred to Knight.

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 $245 for the three-month period ended March 31, 2023, which represents a growth of 123% compared to the same period in prior year.

Salofalk®

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

Ursofalk™

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

Imvexxy™ and Bijuva™

On July 31, 2018, Knight entered into an exclusive licensing agreement for the commercial rights of Imvexxy™ (estradiol vaginal inserts) and Bijuva™ (estradiol and progesterone) in Canada and Israel. Imvexxy™ is approved for the treatment of moderate-to-severe dyspareunia (vaginal pain associated with sexual activity), a symptom of vulvar and vaginal atrophy (VVA), due to menopause. Bijuva™, 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 Imvexxy™ in the second half of 2023.

BRANDED GENERIC

Fibridoner®

Fibridoner® (pirfenidone) is indicated for the treatment of mild to moderate idiopathic pulmonary fibrosis in adults.

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 colonization or infection due to Pseudomonas aeruginosa that is resistant to tobramycin.

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.

Gilead Transition and Termination Agreement

The Company has entered into a transition and termination agreement with Gilead for a portfolio of HIV and HCV products ("Gilead Amendment"). The portfolio is currently distributed by Knight in one or more of the following countries: Colombia, Peru, Ecuador, Bolivia and Paraguay. As part of the Gilead Amendment, effective July 1, 2022, Knight 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. If launched, the Company expects that the Branded Generics Pipeline will generate approximately $50,000 in combined revenues in its peak year.

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

Country	Therapeutic Area	Number of molecules	Stage of development	Expected launch year
Argentina	Oncology/Hematology	2	Development	2025
Argentina	Other Specialty	1	Development	2024
Brazil	Oncology/Hematology	1	Development	2025
Brazil	Other Specialty	2	Development	2025
Colombia	Oncology/Hematology	1	Development	2027
Colombia	Oncology/Hematology	2	Submitted	2023-2027
Colombia	Other Specialty	1	Development	2027
Colombia	Other Specialty	1	Submitted	2024
Chile	Oncology/Hematology	2	Development	2024
Chile	Oncology/Hematology	1	Submitted	2024
Chile	Other Specialty	1	Development	2027
Mexico	Oncology/Hematology	1	Development	2027
Mexico	Other Specialty	1	Development	2025

Section 8 – Strategic Lending

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

			Nominal loan balance as at March 31, 2023	
Entity	**Maturity date**	**Interest rate**	**In Source Currency**	**In CAD[1]**
Moksha8	February 15, 2024	15%	US$11,993	$16,230
Synergy	June 30, 2023	15.5%	US$7,500	$10,150
60P[2]	December 31, 2023	15%	US$6,310	$8,539
Other strategic loans	April 15, 2025	10%	US$2,771	$3,750
Total			**US$28,574**	**$38,669**

[1] *Converted at the Bank of Canada closing exchange rates on March 31, 2023*

[2] *Excludes 60P Convertible Debenture received as consideration for loans issued to 60P. During Q1 2023, Knight signed a conditional conversion agreement, subject to the accomplishment of certain conditions by 60P, the debt would convert into equity (both common and preferred shares)*

As at March 31, 2023, the nominal loan balance outstanding was $38,669 [US$28,574] (December 31, 2022: $38,700 [US$28,574]). The following table summarizes the movement in loans and other receivables during the three-month period ended March 31.

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

	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 $
2023								
Amortized Cost	**9,187**	**—**	**—**	**—**	**(6)**	**9,181**	**5,427**	**3,754**
FVTPL	**28,904**	**—**	**—**	**70**	**(15)**	**28,959**	**28,959**	**—**
Total	**38,091**	**—**	**—**	**70**	**(21)**	**38,140**	**34,386**	**3,754**
2022								
Amortized Cost	6,272	1,737	(407)	—	(110)	7,492	2,512	4,980
FVTPL	26,796	—	—	63	(461)	26,272	7,439	18,833
Total	**33,068**	**1,737**	**(407)**	**63**	**(571)**	**33,764**	**9,951**	**23,813**

[1] During the three-month period ended March 31, 2023, the Company recorded a gain of $15 in the statement of income (loss) in "Foreign exchange loss" (2022: loss of $451) and a loss of $6 in the statement of other comprehensive (loss) income in "Unrealized gain (loss) on translation of foreign operations" (2022: loss of $118)

Section 9 – 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 $138,269 of which $11,884 remains committed as at March 31, 2023. 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.

Entity	Expected exit Date	Fund Commitments In Source Currency	In CAD[1]
Teralys Capital	Oct-29	C$30,000	$ 30,000
Domain Associates LLC	Dec-27	US$25,000	$ 29,063
Forbion Capital Partners	Oct-25	EUR19,500	$ 27,550
Sectoral Asset Management	Jul-25	US$13,000	$ 13,919
Sanderling Ventures LLC	Dec-27	US$10,000	$ 11,625
HarbourVest Partners LLC	Apr-30	C$10,000	$ 10,000
TVM Capital GmbH	Mar-25	US$1,600	$ 1,996
Bloom Burton Healthcare Lending Trust[2]	N/A	C$1,500	$ 1,500
Genesys Capital Management (Fund III) Inc.	Aug-31	C$1,000	$ 1,000
Total			**$ 126,653**

[1] Converted at the Bank of Canada noon exchange rates as of the commitment date (using the March 31, 2023 closing rates total fund commitment would be $138,269).

[3] Represents an investment in a debt fund.

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

As at March 31,	2023	2022
Inception to Date:		
Capital calls	156,738	156,339
Distributions Received	(125,126)	(124,273)
Realized Gain	68,637	68,451
Unrealized Gain	20,768	31,887
TVPI[1]	**1,57x**	**1,65x**
Contingent Gains[2]	11,552	11,504
TVPI[1] considering Contingent Gains[2]	**1,64x**	**1,73x**

[1] TVPI represents total value to paid-in ratio which is calculated as distributions received from the strategic funds and the residual value not yet realized relative to the contributed paid-in capital.
[2] Knight does not record certain Contingent Gains related to the investments in the strategic funds until it is probable that such gains will be realized. Contingent gains on the investments in the strategic funds include milestones payments to the strategic funds based upon achieving certain events such as clinical success of a trial, regulatory approval of a drug or certain sales-based event.

The following table summarizes the movement in fund investments during the three-month period ended March 31, 2023:

	Carrying value as at January 1	Additions[1]	Distributions[2]	Net (loss) gain on FA	Foreign exchange [3]	Carrying value end of period	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023	**132,404**	**21**	**(509)**	**(11,522)**	**623**	**121,017**	**—**	**121,017**
2022	151,389	311	(4,123)	(16,660)	(1,835)	129,082	—	129,082

[1] Investments in equity or debt funds including $21 (2022: including US$38 and EUR 196)
[2] Includes distribution receivable of $509 (2022: $1,425 and EUR 2,025)
[3] During the three-month period ended March 31, 2023, recorded a gain of $630 in the statement of income in "Foreign exchange loss" (2022: loss of $363) and a loss of $7 in the statement of other comprehensive income in "Unrealized income (loss) on translation of foreign operations" (2022: loss of $1,531)

Forbion Capital Partners

On July 24, 2018 REPL, an investment held within Forbion Capital Partners ("Forbion"), announced the closing of its initial public offering at a public offering price of USD 15 per share. During the three-month period ended March 31, 2023, the Company recorded an unrealized loss of $6,683 [USD 4,940] and a life to date unrealized gain of $9,778 [USD 7,226] in connection with REPL.

Domain Associates LLC

On May 26, 2021 SGS, an investment held within Domain Associated LLC ("Domain"), announced the closing of its initial public offering at a public offering price of USD 22 per share. During the three-month period ended March 31, 2023, the Company recorded an unrealized loss of $1,955 [USD 1,445] and a life to date unrealized gain of $161 [USD 119] in connection with SGS.

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

RISK MANAGEMENT

Section 10

10.1 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, MXN, COP 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	**3,212**
EUR	**1,363**
BRL	**(1,061)**
ARS	**(22)**
CLP	**(398)**
COP	**(149)**
MXN	**(53)**

10.2 Equity Price Risk

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

For the period ended	**March 31, 2023**	December 31, 2022
	$	$
Equity investments	**3,496**	3,957
Investments in funds	**121,017**	132,404
Derivatives	**2,155**	2,111
Total	**126,668**	138,472

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.

10.3 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 7 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 $1,605 over a one-year period.

In connection with debt held in Knight, 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 Itaú and IFC loans have a variable interest rate that fluctuates with the CDI, IBR and TIIE rates. The applicable CDI, IBR and TIIE are the average 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 in the interest rate would have resulted in an increase of interest expense of $753 over a one-year period.

10.4 Liquidity Risk

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

As at March 31, 2023, 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 4 of the Interim Financial Statements.

10.5 Credit Risk

The Company considers its maximum credit risk to be $273,007 (December 31, 2022: $275,534) 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.

10.6 External Environment and Inflation Risk

The current global macroeconomic environment is characterized by elevated levels of inflation due to several external factors including global supply chain constrains, global pandemics, ongoing conflict in Ukraine and volatile global financial and economic conditions. Despite deceleration of inflation in the most recent months in response to aggressive monetary tightening policies implemented by central banks around the world, Knight continues to experience increased inflationary pressures, across all our geographies, on operating expenses including but not limited to compensation costs, raw material and product costs driven by rising costs of our partners and suppliers in both developed and developing markets. Such increase in costs cannot be matched to the same extent by increase in our product prices due to local regulations and competitive pressure for certain of our products. There is no assurance that continued inflation pressures will not have similar impacts on Knight's future operations.

10.7 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 as the conflict has lasted longer than previously anticipated and could last for an extended period of time.

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.

10.8 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. In addition to its exposure to operating in emerging markets, Knight is further exposed to the global inflationary environment. Refer to section 11.6 for further details.

10.9 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 11 – Selected Quarterly Financial Information

	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21
Revenues	**82,597**	81,655	72,281	75,820	63,807	58,273	73,340	65,796
Net income (loss)	**(3,937)**	(15,188)	1,591	2,516	(18,811)	(8,301)	(8,586)	29,004
Adjusted EBITDA	**18,237**	13,821	9,009	17,890	13,312	5,696	17,334	9,396
EPS								
Basic and diluted	**(0.04)**	(0.13)	0.01	0.02	(0.16)	(0.07)	(0.07)	0.23
Common shares outstanding (in thousands)	**110,082**	112,206	113,958	114,623	116,546	117,783	122,242	125,665
Adjusted EBITDA per Share[1]	**0.166**	0.123	0.079	0.156	0.114	0.048	0.142	0.075
Cash, cash equivalents and marketable securities	**160,469**	172,674	145,142	136,235	156,396	149,502	156,029	166,121
Total assets	**1,044,774**	1,054,836	1,035,343	1,001,134	995,422	991,891	1,037,614	1,043,647
Total non-current liabilities	**90,453**	87,658	41,295	45,411	44,526	44,571	32,464	36,434

[1] Adjusted EBITDA per share represents the adjusted EBITDA over number of common shares outstanding at the end of the respective period. Adjusted EBITDA per share is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details.

Section 12 – Outstanding Share Data

The table below summarizes the share data:

As at	**May 5, 2023**	**March 31, 2023**
Common Shares	108,839,082	110,082,002
Stock Options	4,679,308	4,681,853
RSUs	355,273	357,396
PSUs	772,096	774,219
DSUs	88,149	88,149
Warrants	174,228	174,228

[1] Excludes 446,100 shares purchased under NCIB but not yet canceled as of May 5, 2023

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.

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

During the three-month period ended March 31, 2023, the Company purchased 2,243,905 (2022: 1,734,305) common shares at an average price of $4.83 (2022: $5.29) for aggregate cash consideration of $10,830 (2022: $9,183) of which $435 remains to be settled as at March 31, 2023. Subsequent to quarter-end up to May 5, 2023, the Company purchased an additional 1,144,520 common shares at an average purchase price of $4.68 for an aggregate cash consideration of $5,359.

The historical purchases of shares through Knight's NCIB program since inception are as follows:

Launch Date	Status[1]	Total Shares Approved for Buy-Back	Shares Purchased[1]	Average Purchase Price ($)	Total Cash Consideration ($)[1]
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	5,842,625	5.04	29,454
Total		**41,167,345**	**34,357,443**	**5.89**	**202,408**

[1] *Each NCIB is carried over a maximum period of one year from launch date. The shares purchased and total cash consideration is over that one-year period.*

Section 13 – 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.

As at March 31, 2023, 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 14 – 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 15 – 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 federal government's (Health Canada) amendments to the Patented Medicines Regulations came into effect amending a change in the basket of comparator countries from seven to eleven with the exclusion of US and Switzerland.

On December 16, 2022, PMPRB announced that the new guidelines would not be implemented on January 1, 2023 and that the interim guidelines would remain in place until further notice.

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 Company in Canada and may limit the Company's ability to in-license and launch products in Canada due to more restrictive pricing regulations. If PMPRB determines a ceiling price for a patented product that is lower than the Company's expectation, or if the PMPRB deems a patented product to be excessively priced, this could lead to a reduction of the product's price and a fine may be levied against the Company. Such determinations by the PMPRB may have a material adverse effect on Knight's financial condition and results of operations or cash flows.

Section 16 – 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 17 – Off-balance Sheet Arrangements

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

Section 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 are as follows:

[i] Fund commitments

As at March 31, 2023, under the terms of Company's agreements with life sciences venture capital funds, $11,884 (December 31, 2022: $11,787), including $864 [US$639] and $1,095 [EUR 745] (December 31, 2022: $865 [US$639] and $1,078 [EUR 745]), may be called over the life of the funds (based on the closing foreign exchange rates).

As at May 10, 2023, $11,884 remains to be called by life science venture capital funds.

[ii] Milestones and purchase commitments

Under certain agreements, Knight may have to pay additional consideration should the Company achieve certain sales volumes or if certain milestones are met, such as regulatory approval in Canada or LATAM. The Company may have to pay up to $352,744 including $74,716 [US$55,210], $146,303 [CHF 98,800] and $1,466 [EUR 993] (December 31, 2022: up to $359,567 including $74,776 [US$55,210], $144,851 [CHF 98,800] and $1,436 [EUR 993]) upon achieving certain sales volumes, regulatory or other milestones related to specific products.

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

As at May 10, 2023, the Company may have to pay up to $352,744 upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $10,092 [CHF 4,987, USD 2,000] (December 31, 2022: $11,710 [EUR 738, CHF 5,412, 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 $191,883 [BRL 363,630, USD 58,000 and CHF 11,059] (December 31, 2022: $212,744 [BRL 427,800, USD 64,182 and CHF 11,059]), which will be purchased over the next 8 years.

	$
2023	33,060
2024	56,927
2025	54,383
2026	12,759
2027	12,759
2028 and beyond	21,995
Total	**191,883**

As at May 10, 2023, Knight has a commitment to purchase up to $10,169 of inventory for pharmaceutical products during the five-year period after their respective commercial launch and has a commitment to purchase $185,991 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.

Section 19 – Related Party Transaction

Pharmascience Inc., a company related to the Company's Executive Chairman of the Board of Directors, provided administrative services of approximately $10 (2022: $7) to the Company for the three-month period ended March 31, 2023.

Section 20 – Segment Reporting

The Company had one reportable segment, namely the development, acquisition, in-licensing, out-licensing, marketing and distribution of innovative pharmaceutical products, consumer health products and medical devices. This reflects the revised management structure and the way that the chief operating decision-maker evaluates the business.

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

Geographic Information

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

Three-month-ended March 31,	2023	2022
	$	$
Revenues		
Brazil	**41,824**	28,278
Colombia	**9,661**	11,371
Argentina	**9,080**	10,595
Rest of LATAM	**14,740**	8,045
Canada	**3,702**	2,097
Other[1]	**3,590**	3,421
Total	**82,597**	63,807

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

As at March 31, 2023 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	March 31, 2023	December 31, 2022
	$	$
Canada	**63,451**	63,217
Brazil	**58,064**	56,581
Argentina	**34,468**	34,562
Colombia	**16,002**	15,723
Uruguay	**196,950**	201,889
Luxembourg	**43,538**	44,909
Rest of LATAM	**69,752**	70,655
Total	**482,225**	**487,536**

Section 21 – 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 2022 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 22 – 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 23 – Internal Control Over Financial Reporting (ICFR)

The Company's management is responsible for establishing and maintaining adequate Internal Control Over Financial Reporting (ICFR). The Company has designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

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

During the quarter ended March 31, 2023, there was no significant changes in our internal control over financial reporting that materially affected or is reasonably likely to materially affect the Company's internal controls over financial reporting.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

KNIGHT THERAPEUTICS INC.

March 31, 2023

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	*Notes*	**March 31, 2023**	December 31, 2022
ASSETS			
Current			
Cash and cash equivalents	*3*	**56,218**	71,679
Marketable securities	*4*	**89,094**	85,826
Trade receivables	*5*	**103,573**	94,890
Other receivables	*6*	**13,254**	12,930
Inventories	*7*	**98,988**	92,489
Prepaids and deposits		**1,773**	1,704
Other current financial assets	*8, 9*	**38,062**	33,716
Income taxes receivable		**2,248**	2,385
Total current assets		**403,210**	395,619
Marketable securities	*4*	**15,157**	15,169
Prepaids and deposits		**3,927**	4,355
Right-of-use assets		**5,455**	5,827
Property, plant and equipment		**16,810**	16,806
Intangible assets		**331,518**	338,780
Goodwill		**84,797**	82,274
Other financial assets	*8, 9*	**126,746**	142,847
Deferred income tax assets		**13,509**	9,310
Other long-term receivables	*11*	**43,645**	43,849
Total non-current assets		**641,564**	659,217
Total assets		**1,044,774**	1,054,836

INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	*Notes*	**March 31, 2023**	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		**107,989**	106,061
Lease liabilities		**2,132**	2,578
Other liabilities		**1,687**	5,793
Bank loans	*10*	**20,293**	17,674
Income taxes payable		**2,252**	2,274
Other balances payable		**1,099**	6,941
Total current liabilities		**135,452**	141,321
Accounts payable and accrued liabilities		**3,005**	2,669
Lease liabilities		**5,172**	5,050
Bank loans	*10*	**55,040**	52,398
Other balances payable		**21,903**	23,176
Deferred income tax liabilities		**5,333**	4,365
Total liabilities		**225,905**	228,979
Shareholders' equity			
Share capital	*12 [i]*	**587,173**	599,055
Warrants		**117**	117
Contributed surplus		**24,447**	23,664
Accumulated other comprehensive income	*13*	**48,154**	41,266
Retained earnings		**158,978**	161,755
Total shareholders' equity		**818,869**	825,857
Total liabilities and shareholders' equity		**1,044,774**	1,054,836

Commitments *[note 18]*

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF LOSS

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

[Unaudited]

		Three months ended March 31,	
	Notes	**2023**	2022
Revenues	*15*	**82,597**	63,807
Cost of goods sold		**41,835**	31,330
Gross margin		**40,762**	32,477
Expenses			
Selling and marketing		**10,665**	9,690
General and administrative		**9,106**	8,832
Research and development		**4,187**	2,983
Amortization and impairment of intangible assets		**11,171**	11,288
Operating income (loss)		**5,633**	(316)
Interest income on financial instruments measured at amortized cost		**(2,179)**	(346)
Other interest income		**(1,173)**	(1,134)
Interest expense		**2,791**	1,111
Other expense		**94**	90
Net loss on financial instruments measured at fair value through profit or loss	*8*	**11,847**	16,363
Foreign exchange (gain) loss		**(73)**	6,189
Gain on hyperinflation		**(728)**	(277)
Loss before income taxes		**(4,946)**	(22,312)
Income tax			
Current		**2,106**	173
Deferred		**(3,115)**	(3,674)
Income tax recovery		**(1,009)**	(3,501)
Net loss for the period		**(3,937)**	(18,811)
Basic and diluted net loss per share	*14*	**(0.04)**	(0.16)
Basic and diluted weighted average number of common shares outstanding	*14*	**111,518,305**	117,173,258

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended March 31,	
	2023	2022
Net loss for the period	**(3,937)**	(18,811)
Other comprehensive income (loss), net of taxes		
Items that may be reclassified subsequently to net income or loss:		
Unrealized gain on translation of foreign operations	**6,905**	15,145
Items permanently in other comprehensive income or loss:		
Net loss on equity investments at fair value through other comprehensive income net of tax of ($2) (2022: ($31))	**(17)**	(63)
Other comprehensive income for the period	**6,888**	15,082
Total comprehensive income (loss) for the period	**2,951**	(3,729)

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, 2022		**628,854**	**117**	**21,776**	**(376)**	**191,647**	**842,018**
Net loss		—	—	—	—	(18,811)	**(18,811)**
Other comprehensive income for the period		—	—	—	15,082	—	**15,082**
Comprehensive income		—	—	—	15,082	(18,811)	**(3,729)**
Share-based compensation expense	*12 [ii]*	—	—	385	—	—	**385**
Issuance under share purchase plan	*12 [ii]*	88	—	—	—	—	**88**
Shares purchased under Normal Course Issuer Bid	*12 [iii]*	(9,267)	—	—	—	84	**(9,183)**
Balance as at March 31, 2022		**619,675**	**117**	**22,161**	**14,706**	**172,920**	**829,579**
Balance as at January 1, 2023		**599,055**	**117**	**23,664**	**41,266**	**161,755**	**825,857**
Net loss		—	—	—	—	(3,937)	**(3,937)**
Other comprehensive income for the period		—	—	—	6,888	—	**6,888**
Comprehensive income		—	—	—	6,888	(3,937)	**2,951**
Share-based compensation expense	*12 [ii]*	—	—	783	—	—	**783**
Issuance under share purchase plan	*12 [ii]*	108	—	—	—	—	**108**
Shares purchased under Normal Course Issuer Bid	*12 [iii]*	(11,990)	—	—	—	1,160	**(10,830)**
Balance as at March 31, 2023		**587,173**	**117**	**24,447**	**48,154**	**158,978**	**818,869**

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]		Three months ended March 31	
	Notes	**2023**	2022
OPERATING ACTIVITIES			
Net loss for the period		**(3,937)**	(18,811)
Adjustments reconciling net loss to operating cash flows:			
Deferred income tax recovery		**(3,115)**	(3,674)
Share-based compensation expense	*12 [ii]*	**783**	385
Depreciation and amortization		**13,083**	13,381
Net loss on financial instruments	*8*	**11,847**	16,363
Accrued interest expense		**2,186**	716
Accrued interest income		**(229)**	69
Unrealized foreign exchange (gain) loss		**(1,253)**	6,650
Gain on hyperinflation		**(728)**	(277)
Other income		**(1)**	(30)
		18,636	14,772
Changes in non-cash working capital and other items	*16*	**(14,925)**	(1,893)
Cash inflow from operating activities		**3,711**	12,879
INVESTING ACTIVITIES			
Purchase of marketable securities		**(109,216)**	(15,808)
Purchase of intangible assets		**(7,667)**	(234)
Purchase of property and equipment		**(124)**	(53)
Investment in funds	*8 [iv]*	**(22)**	(40)
Proceeds on maturity of marketable securities		**105,968**	36,546
Proceeds from repayments of loans receivable	*8 [i]*	**—**	407
Proceeds from disposal of equity investments		**2,347**	—
Cash (outflow) inflow from investing activities		**(8,714)**	20,818
FINANCING ACTIVITIES			
Proceeds from contributions to share purchase plan	*12*	**92**	75
Proceeds from bank loans		**647**	422
Repurchase of common shares through Normal Course Issuer Bid	*12 [iii]*	**(10,514)**	(6,663)
Principal repayment of lease liabilities		**(905)**	(646)
Principal repayments on bank loans		**(587)**	—
Cash inflow (outflow) from financing activities		**(11,267)**	(6,812)
(Decrease) in cash and cash equivalents during the period		**(16,270)**	26,885
Cash and cash equivalents, beginning of the period		**71,679**	85,963
Net foreign exchange difference		**809**	609
Cash and cash equivalents, end of the period		**56,218**	113,457
Supplemental cash flow information:			
Interest received		**3,123**	1,549
Interest paid		**(605)**	(395)
Net income taxes paid		**(1,675)**	(2,073)

See accompanying notes

GLOSSARY OF ABBREVIATIONS

Abbreviation	Company
Crescita	Crescita Therapeutics 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
CLP	Chilean Peso
COP	Colombian Peso
EUR	Euro
MXN	Mexican Peso
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
CGU	Cash Generating Unit
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
GIC	Guaranteed Investment Certificate
IBR	Incremental borrowing rate
IFC Loan	Five-year secured loan denominated in select LATAM currencies received from International Finance Corporation.
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

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

1. NATURE OF OPERATIONS

Description of business

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

These interim condensed consolidated financial statements for the three months ended March 31, 2023 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, 2022.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

The Company's interim condensed consolidated financial statements for the three months ended March 31, 2023 and 2022 were authorized for issue by the Board of Directors on May 10, 2023.

External Environment and Inflation Risk

The current global macroeconomic environment is characterized by elevated levels of inflation due to several external factors including global supply chain constrains, the global COVID-19 pandemic, ongoing conflict in Ukraine and volatile global financial and economic conditions. Despite deceleration of inflation in the most recent months in response to aggressive monetary tightening policies implemented by central banks around the world, the Company continues to experience increased inflationary pressures, across all Knight's geographies, on operating expenses including but not limited to compensation costs, raw material and product costs driven by rising costs of our partners and suppliers in both developed and developing markets. Such increase in costs cannot be matched to the same extent by increase in our product prices due to local regulations and competitive pressure for certain of our products. There is no assurance that continued inflation pressures will not have similar impacts on Knight's future operations.

3. CASH AND CASH EQUIVALENTS

As at	**March 31, 2023**	December 31, 2022
	$	$
Cash in bank	**54,267**	71,377
Cash equivalents	**1,951**	302
Total	**56,218**	71,679

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

4. MARKETABLE SECURITIES

As at	March 31, 2023 $	December 31, 2022 $
Current		
GICs earning interest at rates ranging from 5.11% to 5.20% and maturing from April 2023 to February 2024 (December 31, 2022: 4.20% to 5.72%, January to November 2023)	**30,000**	45,900
GICs of US$43,667 earning interest at rates ranging from 4.56% to 5.72% and maturing from April 2023 to February 2024 (December 31, 2022: US$29,478 4.56% to 4.80%, January to November 2023)	**59,094**	39,926
Total current	**89,094**	85,826
Non-current		
GICs of US$11,200 earning interest at rates ranging from 5.55% to 5.68% and maturing from May 2024 to November 2025	**15,157**	15,169
Total non-current	**15,157**	15,169
Total	**104,251**	100,995

Current marketable securities of $3,789 (USD 2,800) and non-current marketable securities of $15,157 (USD 11,200) (December 31, 2022: $3,792 (USD 2,800) and $15,169 (USD 11,200) respectively) are pledged as restricted cash collateral under the IFC Loan. Refer to Note 10 for further details.

5. TRADE RECEIVABLES

The Company maintains an allowance for ECL that represents its estimate of uncollectible amounts based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. During the three-month period ended March 31, 2023, the Company has recorded an additional ECL of $129 (2022: additional ECL of $122), in the statement of loss in "Selling and marketing".

6. OTHER RECEIVABLES

As at	March 31, 2023 $	December 31, 2022 $
Interest receivable	**4,723**	4,510
Other receivables[1]	**5,554**	5,605
Sales and other taxes receivable	**2,977**	2,815
Total	**13,254**	12,930

[1] *Includes distribution receivable from strategic funds investments of $914 (2022: $404).*

7. INVENTORIES

As at	March 31, 2023 $	December 31, 2022 $
Raw materials	**9,564**	10,789
Work in progress	**2,289**	2,478
Finished goods	**87,135**	79,222
Total	**98,988**	92,489

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

During the three-month period ended March 31, 2023, the Company recorded inventory write-down of $52 (2022: $248), in the statement of loss in "Cost of goods sold".

8. OTHER FINANCIAL ASSETS

As at	March 31, 2023	December 31, 2022
	$	$
Loans and other receivables *[i]*		
Measured at amortized cost	**9,181**	9,187
Measured at FVTPL	**28,959**	28,904
Equity Investments *[ii]*		
Measured at FVTPL	**2,238**	2,680
Measured at FVOCI	**1,258**	1,277
Derivatives *[iii]*		
Measured at FVTPL	**2,155**	2,111
Fund Investments *[iv]*		
Measured at FVTPL	**121,017**	132,404
Total	**164,808**	176,563

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 loss as "Net loss on financial instruments measured at fair value through profit or loss":

For the period ended March 31, 2023	Unrealized (gain) loss on FA measured at FVTPL $	Realized (gain) loss on FA measured at FVTPL $	Total $
Loans and other receivables *[i]*	**(70)**	**—**	**(70)**
Equity Investments *[ii]*	**440**	**—**	**440**
Derivatives *[iii]*	**(45)**	**—**	**(45)**
Fund Investments *[iv]*	**11,522**	**—**	**11,522**
Total	**11,847**	**—**	**11,847**

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

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

[i] Loans and other receivables

As at March 31, 2023, the nominal loan balance outstanding was $38,669 [US$28,574] (December 31, 2022: $38,701 [US$28,574]). The following table summarizes the movement in loans and other receivables during the three-month period ended March 31.

	Carrying value as at January 1 $	Additions $	Loan repayments $	Net gain on FA $	Foreign exchange[1] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2023								
Amortized Cost	**9,187**	**—**	**—**	**—**	**(6)**	**9,181**	**5,427**	**3,754**
FVTPL	**28,904**	**—**	**—**	**70**	**(15)**	**28,959**	**28,959**	**—**
Total	**38,091**	**—**	**—**	**70**	**(21)**	**38,140**	**34,386**	**3,754**
2022								
Amortized Cost	6,272	1,737	(407)	—	(110)	7,492	2,512	4,980
FVTPL	26,796	—	—	63	(461)	26,272	7,439	18,833
Total	**33,068**	**1,737**	**(407)**	**63**	**(571)**	**33,764**	**9,951**	**23,813**

[1] During the three-month period ended March 31, 2023, the Company recorded a loss of $15 in the statement of (loss) income in "Foreign exchange loss" (2022: loss of $451) and a loss of $6 in the statement of other comprehensive (loss) income in "Unrealized gain on translation of foreign operations" (2022: loss of $118)

[ii] Equity investments

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

	Carrying value as at January 1 $	Additions $	Disposals $	Net gain (loss) on FA $	Foreign exchange $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2023								
FVTPL	**2,680**	**—**	**—**	**(440)**	**(2)**	**2,238**	**2,238**	**—**
FVOCI	**1,277**	**—**	**—**	**(19)**	**—**	**1,258**	**1,258**	**—**
Total	**3,957**	**—**	**—**	**(459)**	**(2)**	**3,496**	**3,496**	**—**
2022								
FVTPL	1,824	—	—	465	(1)	2,288	2,288	—
FVOCI	4,876	—	(1,550)	(33)	(20)	3,273	1,489	1,784
Total	**6,700**	**—**	**(1,550)**	**432**	**(21)**	**5,561**	**3,777**	**1,784**

Equity investments measured at FVOCI

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

As at	March 31, 2023		December 31, 2022	
	Number of common shares owned	FV $	Number of common shares owned	FV $
Crescita	**1,935,489**	**1,258**	1,935,489	1,277
Synergy[1]	**17,645,812**	—	17,645,812	—
Total		**1,258**		**1,277**

[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 $597 [US$441] (December 31, 2022: $112 [US$83])

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

[iii] Derivatives

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

	Carrying value as at January 1 $	Additions $	Disposals $	Net gain (loss) on FA $	Foreign exchange $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2023	**2,111**	**—**	**—**	**45**	**(1)**	**2,155**	**180**	**1,975**
2022	1,286	—	(187)	(105)	(9)	985	273	712

[iv] Fund investments

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

	Carrying value as at January 1 $	Additions[1] $	Distributions[2] $	Net (loss) gain on FA $	Foreign exchange[3] $	Carrying value end of period $	Current other financial assets $	Non-current other financial assets $
2023	**132,404**	**21**	**(509)**	**(11,522)**	**623**	**121,017**	**—**	**121,017**
2022	151,389	311	(4,123)	(16,660)	(1,835)	129,082	—	129,082

[1] Investments in equity or debt funds including US$ nil and EUR nil (2022: including US$38 and EUR 196)

[2] Includes distribution receivable of $509 (2022: including $1,425 and EUR 2,025)

[3] During the three-month period ended March 31, 2023, recorded a gain of $630 in the statement of loss in "Foreign exchange (gain) loss" (2022: loss of $363) and a loss of $7 in the statement of other comprehensive income in "Unrealized gain on translation of foreign operations" (2022: loss of $1,531)

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

9. MEASUREMENT OF FINANCIAL ASSETS

[i] Fair value hierarchy

As at March 31,	2023	Level 1	Level 2	Level 3
	$	$	$	$
Recurring fair value measurements				
Loans measured at FVTPL	**28,959**	**—**	**—**	**28,959**
Equity investments measured at FVTPL	**2,238**	**2,238**	**—**	**—**
Equity investments measured at FVOCI	**1,258**	**1,258**	**—**	**—**
Derivatives	**2,155**	**—**	**—**	**2,155**
Fund investments measured at FVTPL	**121,017**	**—**	**—**	**121,017**
Total	**155,627**	**3,496**	**—**	**152,131**

As at December 31,	2022	Level 1	Level 2	Level 3
	$	$	$	$
Recurring fair value measurements				
Loans measured at FVTPL	28,904	—	—	28,904
Equity investments measured at FVTPL	2,680	2,680	—	—
Equity investments measured at FVOCI	1,277	1,277	—	—
Derivatives	2,111	—	—	2,111
Fund investments measured at FVTPL	132,404	—	—	132,404
Total	167,376	3,957	—	163,419

There were no transfers between levels of the fair value hierarchy for the three-month period ended March 31, 2023 or year ended December 31, 2022.

[ii] Day 1 Gains

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

As at	March 31, 2023		December 31, 2022	
	US$	$	US$	$
Equity investments measured at FVOCI				
Synergy	**3,764**	**5,094**	3,764	5,098
Total	**3,764**	**5,094**	3,764	5,098

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

10. BANK LOANS

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

As at March 31, 2023

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	15.44%	Dec 8, 2023	**9,203**	**—**	**9,203**
Bancolombia	COP	2.28% + IBR	11.23%	Oct 12, 2026	**2,685**	**6,460**	**9,145**
Banco Itaú Argentina[1]	ARS	76%[2]	N/A	N/A	**1,713**	**—**	**1,713**
IFC	BRL	1.6% + CDI	15.83%	Oct 15, 2027	**3,820**	**24,301**	**28,121**
IFC	CLP	7.71%	7.86%	Oct 15, 2027	**1,549**	**9,869**	**11,418**
IFC	COP	1.6% + IBR	14.15%	Oct 15, 2027	**1,010**	**11,076**	**12,086**
IFC	MXN	1.6% + TIIE	13.62%	Oct 15, 2027	**313**	**3,334**	**3,647**
Total Bank Loans					**20,293**	**55,040**	**75,333**

[1] Overdraft balances
[2] The interest rate is calculated and compounded on a monthly basis.

As at December 31, 2022

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	13.36%	Dec 8, 2023	8,487	—	8,487
Bancolombia	COP	2.28% + IBR	8.07%	Oct 12, 2026	2,299	6,194	8,493
Banco ICBC Argentina[1]	ARS	77%[2]	N/A	N/A	344	—	344
Banco Itaú Argentina[1]	ARS	76%[2]	N/A	N/A	1,270	—	1,270
IFC	BRL	1.6% + CDI	15.83%	Oct 15, 2027	3,121	23,309	26,430
IFC	CLP	7.71%	7.86%	Oct 15, 2027	1,202	9,198	10,400
IFC	COP	1.6% + IBR	13.29%	Oct 15, 2027	735	10,613	11,348
IFC	MXN	1.6% + TIIE	13.07%	Oct 15, 2027	216	3,084	3,300
Total Bank Loans					17,674	52,398	70,072

[1] Overdraft balances
[2] The interest rate is calculated and compounded on a monthly basis.

11. OTHER LONG-TERM RECEIVABLES

As at	March 31, 2023 $	December 31, 2022 $
Tax deposit – notices of reassessment	**41,582**	41,582
Other	**2,063**	2,267
Total	**43,645**	43,849

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

Notices of reassessment

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

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA respectively in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at March 31, 2023 is estimated at $3,261 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 accrual.

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, 2023		**112,205,939**	**599,055**
Issuance under share purchase plan	**[ii]**	21,568	108
Shares purchased under NCIB	**[iii]**	(2,243,905)	(11,990)
Shares purchased under NCIB not yet cancelled	**[iii]**	98,400	—[1]
Balance as at March 31, 2023		**110,082,002**	**587,173**

[1] 98,400 shares purchased under NCIB for $435 were cancelled subsequent to the quarter end.

[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").

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

Stock options

The weighted average fair value of the options granted during the three-month period ended March 31, 2023, estimated by using the Black-Scholes option pricing model, was $1.38 (2022: $1.53). The fair value of the options was estimated on the date of grant based on the following weighted average assumptions:

	Three-month period ended March 31,	
	2023	**2022**
Weighted average risk-free interest rate	**2.95%**	**2.28%**
Dividend yield	**Nil**	**Nil**
Weighted average volatility factor *[i]*	**24%**	**24%**
Forfeiture rate	**2%**	**2%**
Weighted average expected life	**6.3 years**	**6.2 years**

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

	Three-month period ended March 31,			
	2023		2022	
	Number of share options #	**Weighted average exercise price $**	Number of share options #	Weighted average exercise price $
Balance beginning of the year	**4,873,546**	**7.15**	5,166,130	7.40
Granted	**267,189**	**4.44**	399,614	5.21
Expired/forfeited	**(458,882)**	**7.70**	(494,815)	8.71
Balance at end of the year	**4,681,853**	**6.95**	5,070,929	7.10
Options exercisable at the end of the year	**4,128,794**	**7.24**	3,723,395	7.37

Deferred share units

The Company may grant DSUs to any non-employee director of Knight under the Omnibus Plan. The number of DSUs granted at any particular time pursuant to the Omnibus Plan is calculated by dividing the value of the grant over the market price of a share of Knight on the award date. The DSUs vest when the holder ceases to be a director of Knight for any reason. During the three-month period ended March 31, 2023, the Company granted 3,977 DSUs ($18) to an independent board member (2022: Nil). As at March 31, 2023, the number of outstanding DSUs was 88,149 (2022: 84,172).

Restricted share units and performance share units

The Company may grant RSUs and PSUs to any employee under the Omnibus Plan. The RSUs vest on a time-based condition and the PSUs vest subject to the achievement of future performance targets. No PSU awards vest when the minimum performance thresholds are not achieved. Both RSUs and PSUs are settled by no later than December 31st of the third calendar year commencing after the date of award by the issuance of Knight's shares or cash at the option of the Company.

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

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

	Three-month period ended March 31, 2023			
	RSUs		PSUs	
	Number of units #	WAFV $	Number of units #	WAFV $
Balance beginning of the period	212,920	5.40	470,331	5.40
Granted	153,536	4.44	316,983	4.44
Forfeited/cancelled	(9,060)	5.24	(13,095)	5.23
Balance at end of the period	**357,396**	**4.99**	**774,219**	**5.01**
Weighted average remaining contractual life of the share units outstanding at end of period	**3.82 years**		**3.72 years**	

The Company recorded an expense of $791 (2022: $398) for the three-month period ended March 31, 2023, related to the share-based compensation for stock options, DSUs, PSUs and RSUs, with corresponding credits to contributed surplus net of forfeitures and accrued liabilities for social security contributions and employer 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 three-month period ended March 31, 2023, the Company issued 21,568 shares (2022: 16,103 shares) under the Purchase Plan for a total of $108 (2022: $88).

[iii] NCIB

During the three-month period ended March 31, 2023, the Company purchased 2,243,905 (2022: 1,734,305) common shares at an average price of $4.83 (2022: $5.29) for aggregate cash consideration of $10,830 (2022: $9,183) of which $435 remains to be settled as at March 31, 2023. Subsequent to quarter-end up to May 5, 2023, the Company purchased an additional 1,144,520 common shares at an average purchase price of $4.68 for an aggregate cash consideration of $5,359.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

As at	**March 31, 2023**	December 31, 2022
	$	$
Net losses on equities at FVOCI net of tax of $648 (2022: $650)	**(8,142)**	(8,125)
Unrealized gain on translation of foreign operations	**56,296**	49,391
Total	**48,154**	41,266

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

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 March 31,	
	2023	2022
	$	$
Net loss	**(3,937)**	(18,811)
Weighted average shares outstanding	**111,518,305**	117,173,258
Basic net loss per share	**($0.04)**	($0.16)

Diluted

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

	Three months ended March 31,	
	2023	2022
	$	$
Net loss	**(3,937)**	(18,811)
Weighted average shares outstanding	**111,518,305**	117,173,258
Adjustment for share options, RSUs and DSUs	**—** [1]	— [1]
Weighted average shares outstanding	**111,518,305**	117,173,258
Diluted net earnings per share	**($0.04)**	($0.16)

[1]Adjustments for diluted earnings per share have not been included as all of the share options, RSUs and DSUs are anti-dilutive for the three-month periods ended March 31, 2023 and 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.

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

Geographic Information

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

Three-month period ended March 31,	2023	2022
	$	$
Revenues		
Brazil	**41,824**	28,278
Argentina	**9,661**	11,371
Colombia	**9,080**	10,595
Rest of LATAM	**14,740**	8,045
Canada	**3,702**	2,097
Other[1]	**3,590**	3,421
Total	**82,597**	**63,807**

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

As at March 31, 2023 non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, right-of-use assets and other long-term receivables were held in the following geographic areas:

As at	March 31, 2023	December 31, 2022
	$	$
Canada	**63,451**	63,217
Brazil	**58,064**	56,581
Argentina	**34,468**	34,562
Colombia	**16,002**	15,723
Uruguay	**196,950**	201,889
Luxembourg	**43,538**	44,909
Rest of LATAM	**69,752**	70,655
Total	**482,225**	487,536

16. STATEMENT OF CASH FLOWS

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

For the three-month period ended March 31,	2023	2022
	$	$
Changes in non-cash working capital:		
Decrease (increase) in		
Trade and other receivables	**(11,944)**	(8,454)
Prepaids and deposits	**3,246**	(909)
Inventories	**(2,626)**	943
Income taxes receivable	**182**	392
Increase (decrease) in		
Accounts payable and accrued liabilities	**2,678**	4,948
Other liabilities	**(6,512)**	1,060
Income tax payable	**51**	127
	(14,925)	(1,893)

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

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 $10 (2022: $7) to the Company for the three-month ended March 31, 2023.

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. The commitments of the Company as at March 31, 2023 are as follows:

[i] Fund commitments

As at March 31, 2023, under the terms of Company's agreements with life sciences venture capital funds, $11,884 (December 31, 2022: $11,787), including $864 [US$639] and $1,095 [EUR 745] (December 31, 2022: $865 [US$639] and $1,078 [EUR 745]), 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 $352,744 including $74,716 [US$55,210], $146,303 [CHF 98,800] and $1,466 [EUR 993] (December 31, 2022: up to $359,567 including $74,776 [US$55,210], $144,851 [CHF 98,800] and $1,436 [EUR 993]) upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $10,092 [CHF 4,987, USD 2,000] (December 31, 2022: $11,710 [EUR 738, CHF 5,412, 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 $191,883 [BRL 363,630, USD 58,000 and CHF 11,059] (December 31, 2022: $212,744 [BRL 427,800, USD 64,182 and CHF 11,059]), which will be purchased over the next 8 years.

	$
2023	33,060
2024	56,927
2025	54,383
2026	12,759
2027	12,759
2028 and beyond	21,995
Total	**191,883**

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.

19. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative amounts in the consolidated statement of cash flows have been reclassified to conform to the presentation adopted in the current year.

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