KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis

For the three and six-month periods ended June 30, 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 and six-month periods ended June 30, 2023. This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and six-month periods ended June 30, 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 and six-month periods ended June 30, 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 were prepared by management from information available as of June 30, 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 the 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.

TABLE OF CONTENTS

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar
Q2-23	Second quarter of 2023
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

Abbreviation	Company
60P	60° Pharmaceuticals LLC
Advaxis	Advaxis Pharmaceuticals 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.
Moksha8	Moksha8, Inc.
NEMO II	New Emerging Medical Opportunities Fund II Ltd.
NEMO III	New Emerging Medical Opportunities Fund III Ltd.
Novartis	Novartis AG, Novartis Pharma AG or their affiliates
Profound	Profound Medical Inc.
Puma	Puma Biotechnology, Inc.
REPL	Replimune Group, Inc.
Rigel	Rigel Pharmaceuticals, Inc.
Sectoral	Sectoral Asset Management Inc.
SGS	Singular Genomics Systems, Inc.
Synergy	Synergy CHC Corp.
Triumvira	Triumvira Immunologics Inc.
TXMD	TherapeuticsMD, Inc.

Abbreviation	Financial
Annual Financial Statements	Audited annual consolidated financial statements
ARS	Argentine Peso
BOB	Bolivian Boliviano
BRL	Brazilian Real
C$ or $ or CAD	Canadian Dollar
CDI	Certificados de Depositos Interfinancieros (Brazil interbank lending rate)
CHF	Swiss Franc
CLP	Chilean Peso
COP	Colombian Peso
DC&P	Disclosure Controls and Procedures

Abbreviation	Financial (continued)
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 – Q2-23 Highlights

Financial Results

- Revenues were $89,905, an increase of $14,085 or 19% over the same period in prior year
- Gross margin of $37,493 or 42% compared to $38,295 or 51% in the same period in prior year.
- Adjusted EBITDA[1] was $14,269, a decrease of $3,621 or 20% over the same period in prior year.
- Adjusted EBITDA per share[1] of $0.13, a decrease of $0.02 or 15% over the same period in prior year.
- Net gain on financial assets measured at fair value through profit or loss of $3,939.
- Net income was $1,840, compared to $2,516 in the same period in the prior year.
- Cash outflow from operations was $1,486, compared to a cash inflow from operations of $13,249 in the same period in prior year.

Corporate Developments

- Purchased 2,875,020 common shares through Knight's NCIB at an average price of $4.78 for aggregate cash consideration of $13,733.

Products

- Submitted Pemazyre® (pemigatinib) for regulatory approval in Argentina and Mexico.
- Submitted Minjuvi® (tafasitamab) for regulatory approval in Mexico.
- Submitted Rembre® (dasatinib) and Karfib® (carfilzomib) for regulatory approval in Chile.
- Obtained regulatory approval for Xetrane® (pomalidomide) in Chile.

Subsequent to quarter-end

- Submitted marketing authorization for Tavalisse® (fostamatinib) in Colombia and Mexico.
- Obtained regulatory approval for Minjuvi® (tafasitamab) in Brazil.
- Launched a NCIB in July 2023 to purchase up to 5,999,524 common shares of the Company.

---

[1] *Adjusted EBITDA and Adjusted EBITDA per share are non-GAAP measures and ratios, refer to section "Non-GAAP measures" and "Reconciliation to adjusted EBITDA" for additional details.*

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

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 and six-month periods ended June 30 using the following general price indexes:

	January	February	March	April	May	June
2023	1.42	1.33	1.24	1.14	1.06	1.00
2022	1.31	1.25	1.17	1.11	1.05	1.00

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

	Q2-23				YTD-23			
	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]
Revenues	**89,905**	**90,400**	(495)	1 %	**172,502**	**173,067**	(565)	— %
Cost of goods sold	**52,412**	**50,156**	(2,256)	4 %	**94,247**	**91,437**	(2,810)	3 %
Gross margin	**37,493**	**40,244**	(2,751)	7 %	**78,255**	**81,630**	(3,375)	4 %
Gross margin (%)	***42 %***	***45 %***			***45 %***	***47 %***		
Expenses								
Selling and marketing	**12,874**	**12,985**	111	1 %	**23,539**	**23,698**	159	1 %
General and administrative	**9,119**	**9,188**	69	1 %	**18,225**	**18,075**	(150)	1 %
Research and development	**4,336**	**4,623**	287	6 %	**8,523**	**8,725**	202	2 %
Amortization and impairment of intangible assets	**11,274**	**11,189**	(85)	1 %	**22,445**	**22,314**	(131)	1 %
Operating income (loss)	**(110)**	**2,259**	(2,369)	105 %	**5,523**	**8,818**	(3,295)	37 %

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 on net income due to the application of IAS 29 and a negative variance represents a negative impact on 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)

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

[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	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
BRL	**3.69**	3.84	3.87	4.02	3.85	4.12	4.44	4.15
ARS	**171.65**	141.80	118.90	103.60	92.30	84.10	79.70	77.20
COP	**3,298**	3,525	3,550	3,363	3,074	3,093	3,080	3,058
CLP	**596**	600	674	712	660	639	656	614

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

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

[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[1] 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.

	Q2-23	Q2-22	Variance		YTD-23	YTD-22	Variance	
	Excluding impact of IAS 29[1]							
		Constant Currency[1]	$[2]	%[3]		*Constant Currency*[1]	$[2]	%[3]
Revenues	90,400	77,082	13,318	17%	173,067	143,102	29,965	21%
Cost of goods sold	50,156	34,737	(15,419)	44%	91,437	65,604	(25,833)	39%
Gross margin	**40,244**	42,345	(2,101)	5%	**81,630**	77,498	4,132	5%
Gross margin (%)	***45 %***	*55 %*	—	—	***47 %***	*54 %*	—	—
Expenses								
Selling and marketing	12,985	10,791	(2,194)	20%	23,698	20,671	(3,027)	15%
General and administrative	9,188	9,936	748	8%	18,075	18,712	637	3%
Research and development	4,623	3,239	(1,384)	43%	8,725	6,140	(2,585)	42%
Amortization and impairment of intangible assets	11,189	10,922	(267)	2%	22,314	22,279	(35)	—%
Operating income	**2,259**	7,457	(5,198)	70%	**8,818**	9,696	(878)	9%
EBITDA[1]	**14,269**	19,079	(4,810)	25%	**32,506**	33,272	(766)	2%
Adjusted EBITDA[1]	**14,269**	19,079	(4,810)	25%	**32,506**	33,272	(766)	2%

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

[1] Financial results at constant currency are 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)

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

	Q2-22				**YTD-22**			
	Reported under IFRS	*IAS 29 Adjustment*	*Constant Currency Adjustment*	*Constant Currency*[1]	*Reported under IFRS*	*IAS 29 Adjustment*	*Constant Currency Adjustment*	*Constant Currency*[1]
Revenues	75,820	(799)	2,061	77,082	139,627	(772)	4,247	143,102
Cost of goods sold	37,525	(3,326)	538	34,737	68,855	(4,633)	1,382	65,604
Gross margin	38,295	2,527	1,523	42,345	70,772	3,861	2,865	77,498
Expenses								
Selling and marketing	10,926	(186)	51	10,791	20,616	(177)	232	20,671
General and administrative	10,566	(850)	220	9,936	19,398	(1,137)	451	18,712
Research and development	3,412	(247)	74	3,239	6,395	(388)	133	6,140
Amortization of intangible assets	11,055	(556)	423	10,922	22,343	(971)	907	22,279
Operating income	2,336	4,366	755	7,457	2,020	6,534	1,142	9,696

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

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

Consolidated Statement of Income (Loss)

	Q2-23	Q2-22	Change $[1]	Change %[2]	YTD-23	YTD-22	Change $[1]	Change %[2]
Revenues	**89,905**	75,820	14,085	19 %	**172,502**	139,627	32,875	24 %
Cost of goods sold	**52,412**	37,525	(14,887)	40 %	**94,247**	68,855	(25,392)	37 %
Gross margin	**37,493**	**38,295**	**(802)**	2 %	**78,255**	**70,772**	7,483	11 %
Gross margin (%)	***42 %***	*51 %*			***45 %***	*51 %*		
Expenses								
Selling and marketing	**12,874**	10,926	(1,948)	18 %	**23,539**	20,616	(2,923)	14 %
General and administrative	**9,119**	10,566	1,447	14 %	**18,225**	19,398	1,173	6 %
Research and development	**4,336**	3,412	(924)	27 %	**8,523**	6,395	(2,128)	33 %
Amortization of intangible assets	**11,274**	11,055	(219)	2 %	**22,445**	22,343	(102)	— %
Operating income (loss)	**(110)**	**2,336**	**(2,446)**	105 %	**5,523**	**2,020**	3,503	173 %
Interest income on financial instruments measured at amortized cost	**(2,015)**	(708)	1,307	185 %	**(4,194)**	(1,054)	3,140	298 %
Other interest income	**(1,072)**	(1,719)	(647)	38 %	**(2,245)**	(2,853)	(608)	21 %
Interest expense	**3,004**	1,717	(1,287)	75 %	**5,795**	2,828	(2,967)	105 %
Other income	**(310)**	(219)	91	42 %	**(216)**	(129)	87	67 %
Net (gain) loss on financial assets measured at fair value through profit or loss	**(3,939)**	7,692	11,631	151 %	**7,908**	24,055	16,147	67 %
Foreign exchange (gain) loss	**4,918**	(4,507)	(9,425)	209 %	**4,845**	1,682	(3,163)	188 %
Gain on hyperinflation	**(908)**	(556)	352	63 %	**(1,636)**	(833)	803	96 %
Income (loss) before income taxes	**212**	**636**	(424)	67 %	**(4,734)**	(21,676)	16,942	78 %
Income tax								
Current	**33**	798	765	96 %	**2,139**	971	(1,168)	120 %
Deferred	**(1,661)**	(2,678)	(1,017)	38 %	**(4,776)**	(6,352)	(1,576)	25 %
Income tax recovery	**(1,628)**	**(1,880)**	**(252)**	13 %	**(2,637)**	**(5,381)**	**(2,744)**	51 %
Net income (loss) for the period	**1,840**	**2,516**	**(676)**	27 %	**(2,097)**	**(16,295)**	**14,198**	87 %
Basic net earnings (loss) per share	**0.02**	0.02	—	22 %	**(0.02)**	(0.14)	0.12	86 %
Diluted net earnings (loss) per share	**0.02**	0.02	—	22 %	**(0.02)**	(0.14)	0.12	86 %
EBITDA[3]	**14,269**	17,890	(3,621)	20 %	**32,506**	31,202	1,304	4 %
Adjusted EBITDA[3]	**14,269**	17,890	(3,621)	20 %	**32,506**	31,202	1,304	4 %

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

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

Revenues	Q2-23 vs Q2-22	Q2-23	Q2-22	Q2-22	Change	
		Excluding impact of IAS 29[3]	*Excluding impact of IAS 29*[3]	*Constant Currency*[4]	*Excluding impact of IAS 29*[3]	
	Therapeutic Area	$	$	$	$[1]	%[2]
	Oncology/Hematology	**27,935**	26,034	**26,349**	1,901	7 %
	Infectious Diseases	**45,567**	29,860	**30,890**	15,707	53 %
	Other Specialty	**16,898**	19,127	**19,843**	(2,229)	12 %
	Total	**90,400**	75,021	**77,082**	15,379	20 %

[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 June 30, 2023, excluding the impact of hyperinflation, revenues increased by $15,379 or 20% compared to the same period in prior year. The appreciation of select LATAM currencies led to an increase in revenues of $2,061 in Q2-23 compared to Q2-22.

The increase in revenues excluding the impact of hyperinflation is explained by the following:

- **Oncology/Hematology**: The oncology/hematology portfolio grew by approximately $5,923 due to continued growth of key promoted products including Lenvima®, Trelstar®, Rembre® and the assumption of commercial activities of Akynzeo® in Brazil, Argentina and Canada. This increase is offset by a reduction of approximately $4,000 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 $18,913, excluding the impact of the planned transition and termination of the Gilead Amendment. The increase is driven by the revenues of $18,000 related to the sales contract the with the Ministry of Health in Brazil for Ambisome® ("MOH Contract"), and the growth of our key promoted products including Cresemba®.
- **Other Specialty**: The decrease in the other specialty portfolio is primarily driven by a net decrease of the revenues of Exelon® of $1,500 due to the transition from Novartis to Knight. The revenues of Exelon® declined by approximately $7,500 in Q2-23 versus Q2-22 due to the transition of commercial operations from Novartis to Knight. The revenues in Q2-23 were negatively impacted due to advanced purchases in Q1-23 in connection with transition of commercial operations, primarily in Mexico. In addition, in Q2-22, Knight recorded higher revenues due to the advanced purchases in connection with the transition of commercial operations, primarily in Brazil and Colombia. The decrease is offset by an estimated $6,000 additional revenues recognized due to the change in accounting treatment from net profit transfer to revenues with related cost of sales upon the transition.

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

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.
- 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 June 30, 2023, excluding the impact of IAS 29, the Company generated $77,782 or 86% of total revenues from its innovative portfolio and $12,618 or 14% of total revenues from its BGx portfolio.

	Q2-23 *Excluding impact of IAS 29*[3]	**Q2-22** *Excluding impact of IAS 29*[3]	**Change** *Excluding impact of IAS 29*[3]	
Product portfolio	$	$	$[1]	%[2]
Innovative - Promoted	**67,056**	42,754	24,302	57%
Innovative - Mature	**10,712**	11,174	(462)	4%
Total excluding discontinued	**77,768**	53,928	23,840	44%
Innovative - Discontinued	**14**	3,735	(3,721)	100%
Total Innovative	**77,782**	57,663	20,119	35%
BGx - New Launches	**2,938**	3,168	(230)	7%
BGx - Mature	**9,451**	13,152	(3,701)	28%
Total excluding discontinued	**12,389**	16,320	(3,931)	24%
BGx - Discontinued	**229**	1,038	(809)	78%
Total BGx	**12,618**	17,358	(4,740)	27%
Total	**90,400**	75,021	15,379	20%

[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*

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

Product portfolio	Change Excluding impact of IAS 29[3] $[1]	%[2]	
Innovative - Promoted	24,302	57%	• Growth in revenues of $7,500 driven by: ◦ Continued growth of promoted products including Lenvima®, Cresemba® and Trelstar® ◦ The relaunch of Akynzeo® in Brazil, Argentina, and Canada in the second half of 2022 • Incremental revenues of $18,000 related to the Ambisome® MOH Contract • Decrease in revenues of $1,500 related to advance purchases offset by the accounting treatment of Exelon® as follows: ◦ Decrease in revenues of $7,500 due to the transition of commercial operations from Novartis to Knight. The revenues in Q2-2023 were negatively impacted due to advanced purchases in Q1-23 in connection with transition of commercial operations, primarily in Mexico. In addition, in Q2-22, Knight recorded higher revenues due to the advanced purchases in connection with the transition of commercial operations, primarily in Brazil and Colombia. This is offset by; ◦ $6,000 due to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales of Exelon®.
Innovative - Mature	(462)	4%	• Due to lifecycle of the products
Innovative - Discontinued	(3,721)	100%	• Due to planned transition and termination agreement of the Gilead Amendment effective July 1, 2022
Total Innovative	**20,119**	**35%**	
BGx - New Launches	(230)	7%	• No significant variance
BGx - Mature	(3,701)	28%	• Due to lifecycle of products including entrance of new competition
BGx - Discontinued	(809)	78%	• Discontinuation of the products at the end of their lifecycle
Total BGx	**(4,740)**	**27%**	
Total	**15,379**	**20%**	

[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

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

YTD-23 vs YTD-22

	YTD-23 *Excluding impact of IAS 29*[3]	**YTD-22** *Excluding impact of IAS 29*[3]	**YTD-22** *Constant Currency*[4]	**Change** *Excluding impact of IAS 29*[3]	
Therapeutic Area	$	$	$	$[1]	%[2]
Oncology/Hematology	**57,076**	49,850	**50,511**	7,226	14%
Infectious Diseases	**76,415**	56,542	**58,845**	19,873	35%
Other Specialty	**39,576**	32,463	**33,747**	7,113	22%
Total	**173,067**	138,855	**143,103**	34,212	25%

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

[2] Percentage change is presented in absolute values

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

[4] Revenues at constant currency is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details

For the six-month period ended June 30, 2023, excluding the impact of hyperinflation, revenues increased by $34,212 or 25% compared to the same period in prior year. The appreciation of select LATAM currencies led to an increase in revenues of $4,248 in YTD-23 compared to YTD-22.

The growth in revenues excluding the impact of hyperinflation is explained by the following:

- **Oncology/Hematology**: The oncology/hematology portfolio grew by approximately $12,791 due to continued growth of key promoted products including Lenvima®, Trelstar®, Rembre® and the assumption of commercial activities of Akynzeo® in Brazil, Argentina and Canada. This increase is offset by a reduction $5,565 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 $26,700, excluding the impact of the planned transition and termination of the Gilead Amendment. The increase is driven by the revenues of $20,400 related to the MOH Contract, growth of our key promoted products including Cresemba® and the buying patterns of certain customers.
- **Other Specialty**: The increase in the other specialty portfolio is driven primarily by Exelon® mainly due to an estimated incremental revenue of $10,400 recognized as a result of the change in accounting treatment from net profit transfer to revenues with related cost of sales upon the transition of commercial activities from Novartis to Knight. The increase is offset by an estimated $3,000 due to the advance purchases in Q2-22, in Brazil and Colombia, in connection with the transition of commercial activities.

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

During the six-month period ended June 30, 2023, excluding the impact of IAS 29, the Company generated $146,110 or 84% of total revenues from its innovative portfolio and $26,957 or 16% of total revenues from its BGx portfolio.

	YTD-23 *Excluding impact of IAS 29*[3]	**YTD-22** *Excluding impact of IAS 29*[3]	**Change** *Excluding impact of IAS 29*[3]	
Product portfolio	$	$	$[1]	%[2]
Innovative - Promoted	**124,245**	74,958	49,287	66%
Innovative - Mature	**21,342**	23,738	(2,396)	10%
Total excluding discontinued	**145,587**	98,696	46,891	48%
Innovative - Discontinued	**523**	8,212	(7,689)	94%
Total Innovative	**146,110**	106,908	39,202	37%
BGx - New Launches	**5,814**	5,630	184	3%
BGx - Mature	**20,343**	24,308	(3,965)	16%
Total excluding discontinued	**26,157**	29,938	(3,781)	13%
BGx - Discontinued	**800**	2,009	(1,209)	60%
Total BGx	**26,957**	31,947	(4,990)	16%
Total	**173,067**	138,855	34,212	25%

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

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

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

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

Product portfolio	Change Excluding impact of IAS 29[3] $[1]	%[2]	
Innovative - Promoted	49,287	66%	• Growth in revenues of $41,900 driven by: ◦ Continued growth of promoted products including Lenvima®, Cresemba®, Trelstar® and Ambisome® ◦ The relaunch of Akynzeo® in Brazil, Argentina, and Canada in the second half of 2022 ◦ The growth includes an incremental revenues of $20,400 related to the Ambisome ® MOH Contract • Incremental revenues of $7,400 related to advance purchases offset by the accounting treatment of Exelon® as follows: ◦ $10,400 due to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales of Exelon® offset by; ◦ Decrease in revenues of $3,000 due to the advance purchases in Q2-22, in Brazil and Colombia, in connection with the transition of commercial activities.
Innovative - Mature	(2,396)	10%	• Due to lifecycle and timing of sales of certain products
Innovative - Discontinued	(7,689)	94%	• Due to planned transition and termination agreement of the Gilead Amendment effective July 1, 2022
Total Innovative	**39,202**	**37%**	
BGx - New Launches	184	3%	• No significant variance
BGx - Mature	(3,965)	16%	• Due to lifecycle of products including entrance of new competition
BGx - Discontinued	(1,209)	60%	• Discontinuation of the products at the end of their lifecycle
Total BGx	**(4,990)**	**16%**	
Total	**34,212**	**25%**	

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

[2] Percentage change is presented in absolute values

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

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

Gross margin	**Q2-23 *vs* Q2-22** • For the quarter ended June 30, 2023, gross margin, as a percentage of revenues, was 42% in Q2-23 and 51% Q2-22. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 45% in Q2-23 and 54% in Q2-22. Exelon® was recorded as a net profit transfer from Novartis in Q2-22. If Knight had reported revenues and related cost of sales for Exelon® instead of a net profit transfer, the gross margin would have been 50% ("Adjusted Gross Margin"). The decrease in the Adjusted Gross Margin of 50% in Q2-22 to 45% in Q2-23 is due to product mix. **YTD-23 vs YTD-22** • For the six-month period ended June 30, 2023, gross margin, as a percentage of revenues, was 45% YTD-23 and 51% YTD-22. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 47% YTD-23 and 54% YTD-22. Exelon® was recorded as a net profit transfer from Novartis in YTD-22. The Adjusted Gross Margin would have been 50%. The decrease in the Adjusted Gross Margin of 50% in YTD-22 to 47% in YTD-23 is due to product mix. • Adjusted Gross Margin is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details.
Selling and marketing	**Q2-23 *vs* Q2-22** • For the quarter ended June 30, 2023, S&M increased by $1,948 or 18%. Excluding the impact of IAS 29, the increase is $2,245 or 21%. The increase is driven an expansion of the sales force structure as well as marketing activities related to Exelon® upon the transition of commercial activities from Novartis to Knight and Akynzeo® relaunched in Brazil in Q3-22 and Canada in Q4-22. In addition, certain variable costs such as logistics fees rose as a function of higher revenues. **YTD-23 vs YTD-22** • For the six-month period ended June 30, 2023, S&M increased by $2,923 or 14%. Excluding the impact of IAS 29, the increase is $3,259 or 16%. The increase is driven by compensation expenses, certain variable costs such as logistics fees which increase as a function of higher revenues, as well as an increase in selling and marketing activities related to key promoted products including promotion expenses of Akynzeo® relaunched Brazil Q3-22 and Canada in Q4-22.
General and administrative	• No significant variance
Research and development expenses	**Q2-23 *vs* Q2-22** • For the quarter ended June 30, 2023, R&D increased by $924 or 27%. Excluding the impact of IAS 29, the increase is $1,458 or 46%. The increase is driven by an expansion in our structure behind product development and medical initiatives related to key promoted products including Akynzeo® relaunched in Brazil Q3-22 and in Canada Q4-22. **YTD-23 vs YTD-22** • For the six-month period ended June 30, 2023, R&D increased by $2,128 or 33%. Excluding the impact of IAS 29, the increase is $2,718 or 45%. The increase is driven by an expansion in our structure behind product development and medical initiatives related to key promoted products including Akynzeo® relaunched in Brazil Q3-22 and in Canada Q4-22.
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. **Q2-23 *vs* Q2-22 and YTD-23 vs YTD-22** • Interest income for Q2-23 and YTD-23 increased by $660 or 27% and $2,532 or 65%, respectively, compared to the same periods in prior year. The increase is driven by higher interest rates on cash and marketable securities.

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

Interest expense	**Q2-23 *vs* Q2-22 and YTD-23 vs YTD-22** • The interest expense for Q2-2023 and YTD-23 includes the interest expense on bank loans of \$2,756 and \$5,349, respectively (Q2-22 and YTD-22: \$1,505 and \$2,435, respectively) and the interest expense of lease liabilities of \$248 and \$446, respectively (Q2-22 and YTD-22: \$212 and \$393, respectively). • Interest expense for Q2-23 and YTD-23 increased by \$1,287 or 75% and \$2,967 or 105%, respectively, compared to the same periods in prior year. • The increase is driven by higher average loan balance resulting from IFC loan closed in December 2022 and higher variable interest rates, partially offset by principal repayments of Itaú Unibanco Brasil and Bancolombia bank loans. 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	**Q2-23 *vs* Q2-22** • Net gain on financial assets measured at fair value through profit and loss for Q2-23 was \$3,939, mainly driven by positive mark-to-market adjustments as a result of the increase in the share prices of the publicly-traded equities held by our strategic fund investments. • Refer to Section 10 for further information. **YTD-23 vs YTD-22** • Net loss on financial assets measured at fair value through profit and loss for YTD-23 was \$7,908, 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. • Net loss on financial assets measured at fair value through profit and loss for Q2-22 was \$7,692 and YTD-22 \$24,055, mainly driven by negative mark-to-market adjustments as a result of the decline in the share prices of the publicly-traded equities of our strategic fund investments due to general market conditions. • Refer to Section 10 for further information.
Foreign exchange (gain) loss	**Q2-23 *vs* Q2-22 and YTD-23 vs YTD-22** • The foreign exchange loss in Q2-23 and YTD-23 is mainly driven by unrealized losses due to the appreciation of CAD vs USD and EURO. • The foreign exchange gain in Q2-22 is mainly driven by unrealized gains on intercompany balances due to the appreciation of the USD. • The foreign exchange loss in YTD-22 is mainly driven by unrealized losses due to the appreciation of CAD vs the EUR partially offset by unrealized gains on intercompany balances due to the appreciation of the USD.
Gain on hyperinflation	• Relates to gain on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to "Impact of Hyperinflation" below for further details. • Refer to note 2.3 in the Annual Financial Statements for further details on hyperinflation accounting.
Income tax expense	**Q2-23 *vs* Q2-22 and YTD-23 vs YTD-22** • The income tax recovery in 2023 is driven by the recognition of certain deferred tax assets due to tax losses generated in certain jurisdictions and timing differences related to our financial assets and certain intercompany transactions. • The income tax recovery in 2022 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 ratios 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:

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

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. The 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.

Adjusted Gross Margin: Gross margin is adjusted, to consider revenues and related cost of sales for Exelon® separately, rather than presenting as net profit transfer.

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 EBITDA and to adjusted EBITDA

For the three and six-month period ended June 30, 2023, the Company calculated EBITDA and adjusted EBITDA as follows:

			Change				Change	
	Q2-23	**Q2-22**	**$[1]**	**%[2]**	**YTD-23**	**YTD-22**	**$[1]**	**%[2]**
Operating income (loss)	**(110)**	2,336	(2,446)	105 %	**5,523**	2,020	3,503	173 %
Adjustments to operating income (loss):								
Amortization and impairment of intangible assets	**11,274**	11,055	219	2 %	**22,445**	22,343	102	— %
Depreciation of property, plant and equipment and ROU assets	**884**	2,723	(1,839)	68 %	**2,796**	4,816	(2,020)	42 %
Lease costs (IFRS 16 adjustment)	**(636)**	(643)	7	1 %	**(1,367)**	(1,289)	(78)	6 %
Impact of IAS 29	**2,857**	2,419	438	18 %	**3,109**	3,312	(203)	6 %
EBITDA[3]	**14,269**	17,890	(3,621)	20 %	**32,506**	31,202	1,304	4 %
Acquisition and transition costs	**—**	—	—	—	**—**	—	—	—
Other non-recurring expenses	**—**	—	—	—	**—**	—	—	—
Adjusted EBITDA[3]	**14,269**	17,890	(3,621)	20 %	**32,506**	31,202	1,304	4 %

[1] *A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss)*

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

[3] *EBITDA and adjusted EBITDA are non-GAAP measures, refer to the definitions in 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 Q2-23 vs Q2-22

For the three-month period ended June 30, 2023, adjusted EBITDA decreased by $3,621 or 20%, driven by the decrease in gross margin and increase in operating expenses. Refer to above explanations for further details.

Adjusted EBITDA YTD-23 vs YTD-22

For the six-month period ended June 30, 2023, adjusted EBITDA increased by $1,304 or 4%. The growth in adjusted EBITDA is driven by an increase in gross margin of $7,483 offset by an increase in operating expenses. Refer to above explanation 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:

	Q2-23	**Q2-22**	**YTD-23**	**YTD-22**
Adjusted EBITDA[1]	**14,269**	17,890	**32,506**	31,202
Adjusted EBITDA per common share[1]	**0.13**	0.16	**0.30**	0.27
Number of common shares outstanding at period end (in thousands)	**107,177**	114,623	**107,177**	114,623

[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 Knight's quarter-end closing rates to convert the assets and liabilities on the balance sheet at the end of each reporting period.

Rates	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22
BRL	**3.63**	3.75	3.9	3.94	4.05
ARS	**193.58**	154.3	130.53	107.12	97.07
COP	**3,154**	3,436	3,584	3,322	3,205
CLP	**606**	584	629	703	718

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

Variance (%)[1]	Q2-23	Q1-23	Q4-22	Q3-22
BRL	**3%**	4%	1%	3%
ARS	**(25%)**	(18%)	(22%)	(10%)
COP	**8%**	4%	(8%)	(4%)
CLP	**(4%)**	7%	10%	2%

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

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

Balance Sheets

			Change	
As at	**06-30-2023**	12-31-2022	**$**	**%[1]**
ASSETS				
Current				
Cash and cash equivalents	**37,844**	71,679	(33,835)	47 %
Marketable securities	**92,657**	85,826	6,831	8 %
Trade receivables	**103,666**	94,890	8,776	9 %
Other receivables	**14,433**	12,930	1,503	12 %
Inventories	**98,682**	92,489	6,193	7 %
Prepaids and deposits	**1,792**	1,704	88	5 %
Other current financial assets	**32,745**	33,716	(971)	3 %
Income taxes receivable	**3,548**	2,385	1,163	49 %
Total current assets	**385,367**	395,619	(10,252)	3 %
Marketable securities	**11,122**	15,169	(4,047)	27 %
Prepaids and deposits	**4,529**	4,355	174	4 %
Right-of-use assets	**4,777**	5,827	(1,050)	18 %
Property, plant and equipment	**15,302**	16,806	(1,504)	9 %
Intangible assets	**318,638**	338,780	(20,142)	6 %
Goodwill	**85,738**	82,274	3,464	4 %
Other financial assets	**128,136**	142,847	(14,711)	10 %
Deferred income tax assets	**15,051**	9,310	5,741	62 %
Other long-term receivables	**43,656**	43,849	(193)	— %
	626,949	659,217	(32,268)	5 %
Assets held for sale	**1,427**	—	1,427	—
Total assets	**1,013,743**	1,054,836	(41,093)	4 %

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

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

As at	06-30-2023	12-31-2022	Change $	Change %[1]
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities	**93,537**	106,061	(12,524)	12%
Lease liabilities	**1,942**	2,578	(636)	25%
Other liabilities	**1,545**	5,793	(4,248)	73%
Bank loans	**21,097**	17,674	3,423	19%
Income taxes payable	**1,652**	2,274	(622)	27%
Other balances payable	**2,222**	6,941	(4,719)	68%
Total current liabilities	**121,995**	141,321	(19,326)	14%
Accounts payable and accrued liabilities	**2,828**	2,669	159	6%
Lease liabilities	**4,797**	5,050	(253)	5%
Bank loans	**51,364**	52,398	(1,034)	2%
Other balances payable	**20,711**	23,176	(2,465)	11%
Deferred income tax liabilities	**4,849**	4,365	484	11%
Total liabilities	**206,544**	228,979	(22,435)	10%
Shareholders' Equity				
Share capital	**571,928**	599,055	(27,127)	5%
Warrants	**117**	117	—	—%
Contributed surplus	**25,275**	23,664	1,611	7%
Accumulated other comprehensive income	**47,430**	41,266	6,164	15%
Retained earnings	**162,449**	161,755	694	—%
Total shareholders' equity	**807,199**	825,857	(18,658)	2%
Total liabilities and shareholders' equity	**1,013,743**	1,054,836	(41,093)	4%

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

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

06-30-2023 vs 12-31-2022

Cash and cash equivalents and marketable securities (current and long term)	• Refer to Section 6 – Liquidity and Capital Resources for further information.
Trade receivables	• Trade receivables increased by $8,776 or 9%, mainly due to the growth in revenues in Q2-23 compared to Q4-22 mainly driven by the MOH Contract related to Ambisome®.
Other receivables (current)	• Refer to note 6 in the Interim Financial Statements for further details.
Inventories	• Increase in inventory due to the growth in key promoted products as well as timing of purchases.
Other financial assets (current and long term)	Other financial assets decreased by $15,682, or 9%, explained mainly by the following: **Equity investments and Derivatives:** net decrease of $161 driven by the revaluation of equity investments and derivatives. **Loans and other receivables:** decrease of $5,882 mainly driven by strategic loan repayment $5,357, foreign exchange loss $751 offset by changes in fair value $226. Refer to Section 8 for further information on Knight's strategic lending portfolio. **Funds:** decrease of $9,639 due to negative mark-to-market adjustments of $8,029 due to the decline in the share prices of the publicly-traded equities held by our strategic fund investments, distributions received and receivable of $1,308, foreign exchange loss of $1,170 offset by capital calls of $868. Refer to Section 9 for further information on Knight's strategic investments.
Income tax receivable	• Increase mainly due to the timing of income tax installments.
Intangible assets	• Decrease due to amortization charge during the period, offset by an increase in sales milestones 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 due to tax losses generated in certain jurisdictions and temporary differences related to financial assets as well as certain intercompany transactions.

	06-30-2023 vs 12-31-2022
Other receivables (long-term)	• No significant variance.
Accounts payable and accrued liabilities (current and long term)	• Accounts payable and accrued liabilities decreased by $12,365 or 11% driven by the timing of payments related to certain suppliers of inventory.
Bank loans (current and long term)	• Bank loans increased by $2,389 or 3% due to $12,811 related to the accrued interest and the appreciation of BRL, COP, CLP and MXN against CAD, offset by repayments of $10,422. • For further details on the bank loans held by Knight, refer to Section 6.
Income tax payable	• Decrease is mainly explained by payment of fiscal year 2022 taxes in Q2-23.
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	• No significant variance.
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	• 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 June 30, 2023 is estimated at $3,787 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				Change	
	Q2-23	Q2-22	**$**	**%**[1]	**YTD-23**	YTD-22	**$**	**%**[1]
Net cash from operating activities	**(1,486)**	13,249	(14,735)	111 %	**2,830**	26,523	(23,693)	89 %
Net cash from investing activities	**4,200**	(15,577)	19,777	127 %	**(4,514)**	5,241	(9,755)	186 %
Net cash from financing activities	**(22,095)**	(17,933)	(4,162)	23 %	**(33,967)**	(25,140)	(8,827)	35 %
Increase in cash and cash equivalents during the period	**(19,381)**	(20,261)	880	4 %	**(35,651)**	6,624	(42,275)	638 %
Net foreign exchange difference	**1,007**	(77)	1,084	1408 %	**1,816**	532	1,284	241 %
Cash and cash equivalents beginning of the period	**56,218**	113,457	(57,239)	50 %	**71,679**	85,963	(14,284)	17 %
Cash and cash equivalents, end of the period	**37,844**	93,119	(55,275)	59 %	**37,844**	93,119	(55,275)	59 %
Marketable securities[2], end of the period	**103,779**	43,116	60,663	141 %	**103,779**	43,116	60,663	141 %
Cash and cash equivalents, and marketable securities, end of the period	**141,623**	136,235	5,388	4 %	**141,623**	136,235	5,388	4 %
Cash and cash equivalents, net of bank loans	**(34,617)**	60,636	(95,253)	157 %	**(34,617)**	60,636	(95,253)	157 %

[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.*

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

	Q2-23	YTD-23
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 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 June 30, 2023, cash outflow from operations was $1,486. The net income for the quarter plus adjustments of non-cash items such as depreciation, amortization and impairment of $9,657 which is offset by an increase in working capital of $11,143. The increase in the working capital is mainly due to the settlement of accounts payable mainly related to inventory purchases of our key promoted products, settlement of certain accruals such as bonuses and the Gilead Amendment. In Q2-23, the transfer of inventory under the Gilead Amendment led to an increase of $6,000 in accounts receivable which will be collected in Q3-23. Furthermore, the net cash from operating activities included an inflow of $2,230 related to interest received upon maturity of marketable securities.	For the six-month period ended June 30, 2023, cash inflow from operations was $2,830 driven by the operating results adjusted for noncash items such as depreciation and amortization offset by an increase in working capital of $26,068. The increase in the working capital is mainly due to increase in inventory related to our key promoted products including Exelon® and Akynzeo®, the increase in accounts receivable as a result of the increase in our revenues, settlement of accounts payable mainly related to inventory purchases of our key promoted products and the Gilead Amendment. In Q2-23, the Gilead Amendment led to an increase in working capital related to the transfer of inventory, for an estimated $6,000 which is expected to be recovered subsequent to the quarter. Furthermore, the net cash from operating activities included an inflow of $5,353 related to interest received upon maturity of marketable securities.
Net cash from investing activities	For the three-month period ended June 30, 2023, cash flows were mainly driven by: • net purchase of marketable securities of $1,134; and • cash inflow from the principal repayment of $5,357 from Moksha8.	For the six-month period ended June 30, 2023, cash flows were mainly driven by: • net purchase of marketable securities of $4,382; • acquisition of intangibles of $7,667 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; and • cash inflow from the principal repayment of $5,357 from Moskha8.
Net cash from financing activities	Cash flows from financing activities were mainly due to the repurchase of common shares through the NCIB, principal and interest repayments on bank loans, principal repayments on lease liabilities, proceeds from bank loans and proceeds from the participation of employees and directors in the Company's share purchase plan.	

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

<table>
<tr><th></th><th>Q2-22</th><th>YTD-22</th></tr>
<tr><td rowspan="2">Net cash from operating activities</td><td colspan="2">Primarily relates to cash generated through revenues and interest received, offset by operating expenses including salaries, research and development expenses, advertising and promotion costs 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.</td></tr>
<tr><td>For the three-month period ended June 30, 2022, cash inflow from operations was $13,249 driven by the operating results adjusted for non-cash items such as depreciation and amortization offset by an increase in working capital of $4,022. Refer to note 16 of the interim consolidated financial statements for further details on the changes in the working capital.

Furthermore, the net cash from operating activities included an inflow of $2,394 related to interest received mainly driven by the timing of maturity of marketable securities.</td><td>For the six-month period ended June 30, 2022, cash inflow from operations was $26,523 driven by the operating income adjusted for non-cash items such as depreciation and amortization offset by an increase in working capital of $5,915. Refer to note 16 of the interim consolidated financial statements for further details on the changes in the working capital.

Furthermore, the net cash from operating activities included an inflow of $3,943 related to interest received mainly driven by the timing of maturity of marketable securities.</td></tr>
<tr><td>Net cash from investing activities</td><td>For the three-month period ended June 30, 2022, cash flows were mainly driven by:
• investment in funds of $413;
• acquisition of intangibles and property and equipment of $18,239 mainly due to upfront payments and certain milestones related to in-licensing of Akynzeo® and Aloxi® from Helsinn as well as fostamatinib from Rigel;
• net purchase on marketable securities of $103; and
• Proceeds from distribution of funds of $3,178.</td><td>For the six-month period ended June 30, 2022, cash flows were mainly driven by:
• net proceeds on marketable securities of $20,635;
• acquisition of intangibles and property and equipment of $18,526 mainly due to upfront payments and certain milestones related to in-licensing of Akynzeo® and Aloxi® from Helsinn as well as fostamatinib from Rigel; and
• distributions from life sciences funds of $3,178 offset by investment in funds of $453.</td></tr>
<tr><td>Net cash from financing activities</td><td colspan="2">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.</td></tr>
</table>

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

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

As at June 30, 2023

	Currency	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	15.44 %	Dec 8, 2023	**4,556**	**—**	**4,556**
Bancolombia	COP	2.28% + IBR	13.23 %	Oct 12, 2026	**2,617**	**5,865**	**8,482**
IFC	BRL	1.6% + CDI	15.83 %	Oct 15, 2027	**7,888**	**23,558**	**31,446**
IFC	CLP	7.71%	7.86 %	Oct 15, 2027	**2,641**	**8,367**	**11,008**
IFC	COP	1.6% + IBR	14.57 %	Oct 15, 2027	**2,687**	**10,592**	**13,279**
IFC	MXN	1.6% + TIIE	13.61 %	Oct 15, 2027	**708**	**2,982**	**3,690**
Total Bank Loans					**21,097**	**51,364**	**72,461**

As at December 31, 2022

	Currency	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:

Banks	Currency of debt	Maturity	Repayment terms	Security/guarantee
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)		Approved	Submitted	Submitted	Submitted	Pre-registration	Incyte
Pemigatinib	Metastatic cholangiocarcinoma		Pre-registration	Submitted	Submitted	Submitted	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	Submitted	Submitted		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			2007				Own
Rembre®	Chronic myeloid leukemia			2013	Q1-22		Marketed	Own
Palbocil®, Bapocil®	Breast cancer			Q1-23	Submitted		Approved	Own
Xetrane®	Multiple myeloma			Q2-19	Submitted		Approved	Own
Xetrane®	AIDS-related Kaposi sarcoma			Q2-22				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[1,2].

Pemigatinib is approved in the United States, Europe and Japan for the treatment of adult patients with locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 ("FGFR2") fusion or rearrangement that have progressed after at least one prior line of systemic therapy. Cholangiocarcinoma is the most common cancer of the bile duct. FGFR2 fusions or rearrangements have been observed in 10-16%[3] of patients with intrahepatic cholangiocarcinoma, whereas the incidence in patients with extrahepatic c holangiocarcinoma is rare. There are approximately 4,000 - 6,000 new cases of intrahepatic cholangiocarcinoma each year in Latin America[3,4]. 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, ANMAT in Argentina in January 2023 and COFEPRIS in April 2023. The Company submitted a marketing authorization application for pemigatinib to INVIMA in Colombia in December 2022, ANMAT in Argentina in May 2023 and COFEPRIS in Mexico in May 2023.

In Q3-23, Knight received the regulatory approval in Brazil for Minjuvi®, in combination with lenalidomide followed by tafasitamab monotherapy for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL), including DLBCL due to low-grade lymphoma, who are not eligible for autologous stem cell transplantation (ASCT). Upon obtaining the marketing authorization from ANVISA, Knight submitted an application for pricing approval to Drugs Market Regulation Chamber ("CMED") which establishes maximum prices allowed for drugs sold in Brazil. The timing and outcome of the pricing approval process is uncertain and could take up to two years. The commercial launch of Minjuvi® is dependent on obtaining a favorable CMED price.

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 and $6 million in 2022. Aloxi® is a second generation 5-HT3 receptor antagonist with high receptor binding affinity and a duration

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

of action up to 5 days after chemotherapy administration[5,6]. Aloxi® oral is approved in Canada for use in adults for the prevention of acute nausea and vomiting associated with moderately and highly emetogenic cancer chemotherapy. Aloxi® injection is approved in Canada for use in adults and pediatric patients aged 2 to 17 years for the prevention of acute and delayed nausea and vomiting associated with emetogenic cancer chemotherapy.

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

According to IQVIA, Akynzeo® sales in Canada were $1,934 and $3,690 for the three and six-month periods ended June 30, 2023, which represents a growth of 30% and 24%, respectively, compared to the same periods in prior year.

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.

Subsequent to the quarter, Knight submitted marketing authorization applications for fostamatinib, for the treatment of thrombocytopenia in adult patients with chronic immune thrombocytopenia (ITP) who have had an insufficient response to a previous treatment, for regulatory approval in Mexico and Colombia.

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, Nerlynx® sales in Canada were $834 and $1,582 for the three and six-month periods ended June 30, 2023, which represents a growth of 165% and 126%, respectively, compared to the same periods in prior year.

[5] *Rojas C, Slusher BS. Eur J Pharmacol 2012;684(1-3):1-7; 6.*
[6] *Navari RM and Aapro M. N Engl J Med 2016;374:1356-67.*

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, Trelstar® sales in Canada were $1,852 and $3,376 for the three and six-month periods ended June 30, 2023, which represents a growth of 64% and 68%, respectively, 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[7] for advanced disease. Prior therapy should have included an anthracycline and a taxane in either the adjuvant or metastatic setting unless patients were not suitable for these treatments, and (2) the treatment of patients with unresectable soft tissue sarcoma who have received prior chemotherapeutic regimen for advanced or metastatic disease. Halaven® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico.

Lenvima®

Lenvima® (lenvatinib) is indicated for the following three indications (1) the treatment of adult patients with progressive, locally advanced or metastatic, differentiated (papillary/follicular/Hürthle cell) thyroid carcinoma, refractory to radioactive iodine, (2) the treatment of adult patients with advanced or unresectable hepatocellular carcinoma who have received no prior systemic therapy, and in certain Latam countries for (3) the treatment of adult patients with advanced renal cell carcinoma following one prior anti-angiogenic therapy, in combination with everolimus[8]. Lenvima® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico.

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[7], (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,

[7] *In Colombia after at least two chemotherapeutic regimen for advanced disease*
[8] *Indication not included in Colombia.*

(3) the treatment, in combination therapy, of adult patients with multiple myeloma without prior treatment who are not candidates for a transplant[7], 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 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.

Rembre®

Rembre® (dasatinib) is indicated for treatment of chronic myeloid leukemia with positive Philadelphia chromosome (Ph+).

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.

Xetrane®

Xetrane® (pomalidomide) is indicated in combination with dexamethasone, for the treatment of adult patients with multiple myeloma (MM) who have received at least two prior therapies including lenalidomide and a proteasome inhibitor and have demonstrated disease progression on or within 60 days of completion of the last therapy. Xetrane is also indicated for the treatment of adults patients with AIDS-related Kaposi sarcoma (KS) after failure of highly active antiretroviral therapy (HAART) or in patients with KS who are HIV-negative.

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. The marketing authorizations of Exelon® for Canada and all key countries in Latin America 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, Ibsrela® sales in Canada were $279 and $524 for the three and six-month periods ended June 30, 2023, which represents a growth of 92% and 105%, respectively, compared to the same periods in prior year.

Salofalk®

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

Ursofalk™

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

Imvexxy™ and Bijuva™

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

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.

PIPELINE

The Company believes that its pipeline of innovative and branded generics products 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 pharmaceutical product. The Company's pipeline of undisclosed molecules which could potentially be launched as branded generic products in the future includes internally developed and in-licensed products in the following stages:

1. **Development**: Formulation or clinical development on-going
2. **Submitted**: Molecule has been submitted by the Company to a health authority agency for approval

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

3. **Approved**: Molecule has obtained regulatory approval, but launch is pending additional local technical requirements

If launched, the Company expects that the pipeline could achieve total revenues of between $50,000 to $75,000 in combined revenues in their peak years. The following represents the products in the Company's pipeline:

Innovative Products Pipeline

PRODUCT	INDICATION OR THERAPEUTIC AREA[1,2,4]	TERRITORY[3]						EXPECTED LAUNCH YEAR
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Oncology/Hematology								
Tafasitamab	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)		Approved	Submitted	Submitted	Submitted	Pre-registration	2024 -2026
Pemigatinib	Metastatic cholangiocarcinoma		Pre-registration	Submitted	Submitted	Submitted	Pre-registration	2025-2026
Fostamatinib	Treatment of chronic immune thrombocytopenia		Pre-registration	Pre-registration	Pre-registration	Pre-registration		2025-2026
Imvexxy™	Moderate-to-severe dyspareunia	Approved						2024
Bijuva™	Moderate-to-severe vasomotor symptoms due to menopause	Approved						2024
Palbocil®, Bapocil®	Breast Cancer				Submitted		Approved	2024 -2026
Xetrane®	Multiple myeloma				Submitted		Approved	2024 -2026
Karfib®	Relapsed or refractory multiple myeloma				Submitted			2024
Rembre®	Chronic myeloid leukemia						Submitted	2024
Undisclosed Molecule	Oncology/ Hematology			Development				2025
Undisclosed Molecule	Oncology/ Hematology			Development				2025
Undisclosed Molecule	Oncology/ Hematology		Development		Development	Development		2026 - 2027
Other Specialty								
Undisclosed Molecule	Other Specialty		Development	Development	Submitted		Development	2025 - 2026
Undisclosed Molecule	Other Specialty		Development		Development	Development		2026 - 2027

[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.

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

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 June 30, 2023	
Entity	**Maturity date**	**Interest rate**	**In Source Currency**	**In CAD[1]**
Moksha8	Feb 15, 2024	15%	US $11,993	$16,230
Synergy	Sep 30, 2023	16%	US $7,500	$10,150
60P[2]	Dec 31, 2023	15%	US $6,310	$8,539
Other strategic loans	Apr 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 June 30, 2023
[2] Excludes 60P Convertible Debenture received as consideration for loans issued to 60P. Subsequent to the quarter end, 60P loan (with a fair value estimated as nil since 2019), was converted into preferred and common shares, following a 2023 debt conversion agreement.)

As at June 30, 2023, the nominal loan balance outstanding was $32,586 [US$24,612] (December 31, 2022: $38,701 [US$28,574]). The following table summarizes the movement in loans and other receivables during the six-month period ended June 30.

	Carrying value as at January 1 $	Additions $	Loan repayments $	Net gain on FA $	Foreign exchange[1] $	Carrying value end of period[2] $	Current other financial assets $	Non-current other financial assets $
2023								
Amortized Cost	**9,187**	**—**	**—**	**—**	**(206)**	**8,981**	**5,310**	**3,671**
FVTPL	**28,904**	**—**	**(5,357)**	**226**	**(545)**	**23,228**	**23,228**	**—**
Total	**38,091**	**—**	**(5,357)**	**226**	**(751)**	**32,209**	**28,538**	**3,671**
2022								
Amortized Cost	6,272	389	(407)	—	77	6,331	2,590	3,741
FVTPL	26,796	—	—	(415)	352	26,733	7,751	18,982
Total	**33,068**	**389**	**(407)**	**(415)**	**429**	**33,064**	**10,341**	**22,723**

[1] During the three and six-month periods ended June 30, 2023, the Company recorded a loss of $468 and $483, respectively, in the consolidated statement of income (loss) in "Foreign exchange loss" (2022: gain of $746 and $295, respectively) and a loss of $262 and $268, respectively, in the consolidated statement of comprehensive income in "Unrealized gain (loss) on translation of foreign operations" (2022: gain of $252 and $134, respectively).
[2] Subsequent to the quarter end, 60P loan (with a fair value estimated as nil since 2019), was converted into preferred and common shares, following a 2023 debt conversion agreement.

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

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 June 30, 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 lll) 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 June 30, 2023 closing rates total fund commitment would be $136,338).
[2] Represents an investment in a debt fund.

As at June 30,	2023	2022
Inception to Date:		
Capital calls	155,677	156,339
Distributions Received	(125,028)	(124,273)
Realized Gain	68,178	68,451
Unrealized Gain	23,938	31,887
TVPI[1]	**1,59x**	**1,65x**
Contingent Gains[2]	11,347	11,504
TVPI[1] considering Contingent Gains[2]	**1,66x**	**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.

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

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

	Carrying value as at January 1	Additions[1]	Distributions[2,3]	Net gain (loss) on FA	Foreign exchange[4]	Carrying value end of period	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023	**132,404**	**868**	**(1,308)**	**(8,029)**	**(1,170)**	**122,765**	**—**	**122,765**
2022	151,389	453	(4,336)	(23,520)	(676)	123,310	—	123,310

[1] *Investments in equity or debt funds including US$50 and EUR 483 (2022: including US$70 and EUR 196)*
[2] *Distribution received or receivable from funds (2022: including* EUR 2,221)
[3] *Includes distribution receivable of $1,024 (2022: including $1,545)*
[4] *During the three and six-month periods ended June 30, 2023, recorded a gain of $168 a gain $798, respectively, in the consolidated statement of income (loss) in "Foreign exchange (gain) loss" (2022: loss of $1,516 and a loss of $1,879), and a loss $1,962 and a loss of $1,969, respectively, in the statement of comprehensive income in "Unrealized gain (loss) on translation of foreign operations" (2022: gain of $2,734 and gain of $1,203, respectively).*

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 US$15 per share. During the three and six-month periods ended June 30, 2023, the Company recorded an unrealized gain of $3,812 [US$2,879] and an unrealized loss of $2,728 [US$2,061], respectively, and a life to date unrealized gain of $13,081 [US$9,880] 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 US$22 per share. During the three-month and six-month periods ended June 30, 2023, the Company recorded an unrealized loss of $566 [US$428] and an unrealized loss of $1,759 [US$1,328], respectively, and a life to date unrealized loss of $408 [US$308] 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	**9,084**
EUR	**1,432**
BRL	**(1,374)**
ARS	**42**
CLP	**(356)**
COP	**(399)**
MXN	**(143)**

10.2 Equity Price Risk

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

For the period ended	**June 30, 2023**	December 31, 2022
	$	$
Equity investments	**3,721**	3,957
Investments in funds	**122,765**	132,404
Derivatives	**2,186**	2,111
Total	**128,672**	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 $1,416 over a one-year period.

The Company is exposed to interest rate risks in connection with its bank loans borrowings. 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. Assuming that all other variables remain constant, a 1% increase in the interest rate would have resulted in an increase of interest expense of $725 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 June 30, 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 $269,914 (December 31, 2022: $275,500) 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

	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
Revenues	**89,905**	82,597	81,655	72,281	75,820	63,807	58,273	73,340
Net income (loss)	**1,840**	(3,937)	(15,188)	1,591	2,516	(18,811)	(8,301)	(8,586)
Adjusted EBITDA	**14,269**	18,237	13,821	9,009	17,890	13,312	5,696	17,334
EPS								
Basic and diluted	**0.02**	(0.04)	(0.13)	0.01	0.02	(0.16)	(0.07)	(0.07)
Common shares outstanding (in thousands)	**107,177**	110,082	112,206	113,958	114,623	116,546	117,783	122,242
Adjusted EBITDA per share[1]	**0.133**	0.166	0.123	0.079	0.156	0.114	0.048	0.142
Cash, cash equivalents and marketable securities	**141,623**	160,469	172,674	145,142	136,235	156,396	149,502	156,029
Total assets	**1,013,743**	1,044,774	1,054,836	1,035,343	1,001,134	995,422	991,891	1,037,614
Total non-current liabilities	**84,549**	90,453	87,658	41,295	45,411	44,526	44,571	32,464

[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	**August 3, 2023**	**6/30/2023**
Common Shares	106,764,586 [1]	107,177,220
Stock Options	4,655,237	4,655,237
RSUs	316,501	331,313
PSUs	723,142	737,955
DSUs	136,501	136,501
Warrants	174,228	174,228

[1] *Excludes 112,400 shares purchased under NCIB but not yet canceled as of August 3, 2023.*

On July 12, 2023, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2023 NCIB"). Under the terms of the 2023 NCIB, Knight may purchase for cancellation up to 5,999,524 common shares of the Company which represented 10% of its public float as at June 30, 2023. The 2023 NCIB commenced on July 14, 2023 and will end on the earlier of July 13, 2024 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@knighttx.com or by phone at 514-484-4483.

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

During the three and six-month periods ended June 30, 2023, the Company purchased 2,875,020 and 5,118,925 (2022: 1,460,684 and 3,194,989common shares, respectively, at an average price of $4.78 and $4.80, respectively (2022: $5.30 for both periods) for aggregate cash consideration of $13,733 and $24,563, respectively (2022: $7,739 and $16,922, respectively), of which $215 remains to be settled as at June 30, 2023. Subsequent to quarter-end up to August 3, 2023, the Company purchased an additional 480,434 common shares at an average purchase price of $4.87 for an aggregate cash consideration of $2,341.

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	Completed	7,988,986	7,785,625	4.99	38,871
July 14, 2023	Active	5,999,524	267,934	4.84	1,296
Total		**47,166,869**	**36,568,377**	**5.83**	**213,121**

[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 June 30, 2023, Knight had deployed and invested or committed to deploy and invest over $925,000 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 June 30, 2023, under the terms of Company's agreements with life sciences venture capital funds, $11,183 (December 31, 2022: $11,787), including $817 [US$617] and $380 [EUR 263] (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 August 10, 2023, $11,245 remains to be called by life science venture capital funds.

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

[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 $351,294 including $73,436 [US$55,465], $146,056 [CHF 98,800] and $1,543 [EUR 1068] (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.

As at August 10, 2023, the Company may have to pay up to $357,207 upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $10,021 [CHF 4,987, US$2,000] (December 31, 2022: $11,710 [EUR 738, CHF 5,412, US$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 $169,408 [BRL 285,200, US$57,938 and CHF 9,613] (December 31, 2022: $212,744 [BRL 427,800, US$64,182 and CHF 11,059]), which will be purchased over the next 8 years.

	$
2023	9,774
2024	57,850
2025	55,299
2026	12,483
2027	12,483
2028 and beyond	21,519
Total	**169,408**

As at August 10, 2023, Knight has a commitment to purchase up to $10,309 of inventory for pharmaceutical products during the five-year period after their respective commercial launch and has a commitment to purchase $164,153 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 $9 and $17 (2022: $7 and $14) to the Company for the three and six-month periods ended June 30, 2023.

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

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.

Geographic Information

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

	Three months ended June 30,		**Six months ended June 30,**	
	2023	2022	**2023**	2022
	$	$	**$**	$
Revenues				
Brazil	**49,517**	35,032	**91,341**	63,310
Colombia	**10,578**	11,598	**19,658**	22,969
Argentina	**8,760**	13,196	**18,421**	23,791
Rest of LATAM	**9,538**	9,898	**24,278**	17,943
Canada	**5,133**	2,544	**8,835**	4,641
Other[1]	**6,379**	3,552	**9,969**	6,973
Total	**89,905**	75,820	**172,502**	139,627

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

As at June 30, 2023 and December 31, 2022, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, right-of-use assets, other long-term receivables and assets held for sale were held in the following geographic areas:

As at	**June 30, 2023**	December 31, 2022
	$	$
Canada	**62,720**	63,217
Brazil	**58,628**	56,581
Argentina	**32,805**	34,562
Colombia	**18,447**	15,723
Uruguay	**189,130**	201,889
Luxembourg	**41,289**	44,909
Rest of LATAM	**66,519**	70,655
Total	**469,538**	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 June 30, 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.

June 30, 2023

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	*Notes*	**June 30, 2023**	December 31, 2022
ASSETS			
Current			
Cash and cash equivalents	*3*	**37,844**	71,679
Marketable securities	*4*	**92,657**	85,826
Trade receivables	*5*	**103,666**	94,890
Other receivables	*6*	**14,433**	12,930
Inventories	*7*	**98,682**	92,489
Prepaids and deposits		**1,792**	1,704
Other current financial assets	*8, 9*	**32,745**	33,716
Income taxes receivable		**3,548**	2,385
Total current assets		**385,367**	395,619
Marketable securities	*4*	**11,122**	15,169
Prepaids and deposits		**4,529**	4,355
Right-of-use assets		**4,777**	5,827
Property, plant and equipment		**15,302**	16,806
Intangible assets		**318,638**	338,780
Goodwill		**85,738**	82,274
Other financial assets	*8, 9*	**128,136**	142,847
Deferred income tax assets		**15,051**	9,310
Other long-term receivables	*11*	**43,656**	43,849
		626,949	659,217
Assets held for sale		**1,427**	—
Total assets		**1,013,743**	1,054,836

INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	Notes	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		**93,537**	106,061
Lease liabilities		**1,942**	2,578
Other liabilities		**1,545**	5,793
Bank loans	*10*	**21,097**	17,674
Income taxes payable		**1,652**	2,274
Other balances payable		**2,222**	6,941
Total current liabilities		**121,995**	**141,321**
Accounts payable and accrued liabilities		**2,828**	2,669
Lease liabilities		**4,797**	5,050
Bank loans	*10*	**51,364**	52,398
Other balances payable		**20,711**	23,176
Deferred income tax liabilities		**4,849**	4,365
Total liabilities		**206,544**	**228,979**
Shareholders' equity			
Share capital	*12 [i]*	**571,928**	599,055
Warrants		**117**	117
Contributed surplus		**25,275**	23,664
Accumulated other comprehensive income	*13*	**47,430**	41,266
Retained earnings		**162,449**	161,755
Total shareholders' equity		**807,199**	**825,857**
Total liabilities and shareholders' equity		**1,013,743**	**1,054,836**

Commitments *[note 18]*

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

[Unaudited]		**Three months ended June 30,**		**Six months ended June 30,**	
	Notes	**2023**	2022	2023	2022
Revenues	*15*	**89,905**	75,820	**172,502**	139,627
Cost of goods sold		**52,412**	37,525	**94,247**	68,855
Gross margin		**37,493**	38,295	**78,255**	70,772
Expenses					
Selling and marketing		**12,874**	10,926	**23,539**	20,616
General and administrative		**9,119**	10,566	**18,225**	19,398
Research and development		**4,336**	3,412	**8,523**	6,395
Amortization and impairment of intangible assets		**11,274**	11,055	**22,445**	22,343
Operating income (loss)		**(110)**	2,336	**5,523**	2,020
Interest income on financial instruments measured at amortized cost		**(2,015)**	(708)	**(4,194)**	(1,054)
Other interest income		**(1,072)**	(1,719)	**(2,245)**	(2,853)
Interest expense		**3,004**	1,717	**5,795**	2,828
Other expense		**(310)**	(219)	**(216)**	(129)
Net (gain) loss on financial instruments measured at fair value through profit or loss	*8*	**(3,939)**	7,692	**7,908**	24,055
Foreign exchange (gain) loss		**4,918**	(4,507)	**4,845**	1,682
Gain on hyperinflation		**(908)**	(556)	**(1,636)**	(833)
Income (loss) before income taxes		**212**	636	**(4,734)**	(21,676)
Income tax					
Current		**33**	798	**2,139**	971
Deferred		**(1,661)**	(2,678)	**(4,776)**	(6,352)
Income tax recovery		**(1,628)**	(1,880)	**(2,637)**	(5,381)
Net income (loss) for the period		**1,840**	2,516	**(2,097)**	(16,295)
Basic and diluted net income (loss) per share	*14*	**0.02**	0.02	**(0.02)**	(0.14)
Weighted average number of common shares outstanding	*14*				
Basic		**108,475,559**	115,082,184	109,988,526	116,127,721
Diluted		**108,678,732**	115,177,789	109,988,526	116,127,721

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Net income (loss) for the period	**1,840**	2,516	**(2,097)**	(16,295)
Other comprehensive income (loss), net of taxes				
Items that may be reclassified subsequently to net income or loss:				
Unrealized gain (loss) on translation of foreign operations	**(724)**	4,615	**6,181**	19,760
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) and ($2) (2022: ($59) and ($28))	**—**	(155)	**(17)**	(218)
Other comprehensive income (loss) for the period	**(724)**	4,460	**6,164**	19,542
Total comprehensive income for the period	**1,116**	6,976	**4,067**	3,247

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		—	—	—	—	(16,295)	(16,295)
Other comprehensive income for the period		—	—	—	19,542	—	19,542
Comprehensive income		—	—	—	19,542	(16,295)	3,247
Share-based compensation expense	*12 [ii]*	—	—	1,160	—	—	1,160
Issuance under share purchase plan	*12 [ii]*	186	—	—	—	—	186
Shares purchased under Normal Course Issuer Bid	*12 [iii]*	(17,073)	—	—	—	151	(16,922)
Balance as at June 30, 2022		611,967	**117**	**22,936**	**19,166**	175,503	829,689
Balance as at January 1, 2023		**599,055**	**117**	**23,664**	**41,266**	**161,755**	**825,857**
Net loss		—	—	—	—	(2,097)	**(2,097)**
Other comprehensive income for the period		—	—	—	6,164	—	**6,164**
Comprehensive income		—	—	—	6,164	(2,097)	**4,067**
Share-based compensation expense	*12 [ii]*	—	—	1,611	—	—	**1,611**
Issuance under share purchase plan	*12 [ii]*	227	—	—	—	—	**227**
Shares purchased under Normal Course Issuer Bid	*12 [iii]*	(27,354)	—	—	—	2,791	**(24,563)**
Balance as at June 30, 2023		**571,928**	**117**	**25,275**	**47,430**	**162,449**	**807,199**

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]		Three months ended June 30,		Six months ended June 30,	
	Notes	**2023**	2022	**2023**	2022
OPERATING ACTIVITIES					
Net income (loss) for the period		**1,840**	2,516	**(2,097)**	(16,295)
Adjustments reconciling net loss to operating cash flows:					
Deferred income tax recovery		**(1,661)**	(2,678)	**(4,776)**	(6,352)
Share-based compensation expense	*12 [ii]*	**828**	833	**1,611**	1,218
Depreciation and amortization		**12,158**	13,778	**25,241**	27,159
Net (gain) loss on financial instruments	*8*	**(3,939)**	7,692	**7,908**	24,055
Interest expense		**3,004**	1,717	**5,795**	2,828
Accrued interest income		**(857)**	(33)	**(1,086)**	36
Unrealized foreign exchange (gain) loss		**(809)**	(5,981)	**(2,062)**	669
Gain on hyperinflation		**(908)**	(556)	**(1,636)**	(833)
Other income		**1**	(17)	**—**	(47)
		9,657	17,271	**28,898**	32,438
Changes in non-cash working capital and other items	*16*	**(11,143)**	(4,022)	**(26,068)**	(5,915)
Cash inflow (outflow) from operating activities		**(1,486)**	**13,249**	**2,830**	**26,523**
INVESTING ACTIVITIES					
Purchase of marketable securities		**(76,334)**	(43,427)	**(185,550)**	(59,235)
Purchase of intangible assets		**—**	(18,216)	**(7,667)**	(18,450)
Purchase of property and equipment		**(158)**	(23)	**(282)**	(76)
Investment in funds	*8 [iv]*	**(148)**	(413)	**(170)**	(453)
Proceeds on maturity of marketable securities		**75,200**	43,324	**181,168**	79,870
Proceeds from repayments of loans receivable	*8 [i]*	**5,357**	—	**5,357**	407
Proceeds from disposal of equity investments	*8 [ii]*	**—**	—	**2,347**	—
Proceeds from distribution of funds	*8 [iv]*	**283**	3,178	**283**	3,178
Cash inflow (outflow) from investing activities		**4,200**	**(15,577)**	**(4,514)**	***5,241***
FINANCING ACTIVITIES					
Proceeds from contributions to share purchase plan	*12*	**105**	88	**197**	163
Proceeds from bank loans		**1,443**	—	**2,090**	422
Repurchase of common shares through Normal Course Issuer Bid	*12 [iii]*	**(13,951)**	(10,259)	**(24,465)**	(16,922)
Principal repayment of lease liabilities		**(462)**	(643)	**(1,367)**	(1,289)
Principal repayments on bank loans		**(5,422)**	(5,391)	**(6,009)**	(5,391)
Interest paid on bank loans		**(3,808)**	(1,728)	**(4,413)**	(2,123)
Cash outflow from financing activities		**(22,095)**	**(17,933)**	**(33,967)**	**(25,140)**
Increase (decrease) in cash and cash equivalents during the period		**(19,381)**	(20,261)	**(35,651)**	6,624
Cash and cash equivalents, beginning of the period		**56,218**	113,457	**71,679**	85,963
Net foreign exchange difference		**1,007**	(77)	**1,816**	532
Cash and cash equivalents, end of the period		**37,844**	**93,119**	**37,844**	**93,119**
Supplemental cash flow information:					
Interest received		**2,230**	2,394	**5,353**	3,943
Interest paid		**(3,808)**	(1,728)	**(4,413)**	(2,123)
Net income taxes paid		**(1,425)**	(3,150)	**(3,100)**	(5,223)

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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
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 the Toronto Stock Exchange under the ticker symbol "GUD".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

These interim condensed consolidated financial statements for the three and six-month periods ended June 30, 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 and six-month periods ended June 30, 2023 and 2022 were authorized for issue by the Board of Directors on August 9, 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, ongoing conflict in Ukraine and volatile global financial and economic conditions. Despite the reduction in 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 pricing 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	**June 30, 2023** **$**	December 31, 2022 $
Cash in bank	**36,730**	71,377
Cash equivalents	**1,114**	302
Total	**37,844**	71,679

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

4. MARKETABLE SECURITIES

As at	June 30, 2023 $	December 31, 2022 $
Current		
GICs earning interest at rates ranging from 5.11% to 5.20% and maturing from July 2023 to February 2024 (December 31, 2022: 4.20% to 5.72%, January 2023 to November 2023)	23,189	45,900
GICs of US$52,468 earning interest at rates ranging from 5.50% to 5.79% and maturing from July 2023 to May 2024 (December 31, 2022: US$29,478 4.56% to 4.80%, January 2023 to November 2023)	69,468	39,926
Total current	**92,657**	85,826
Non-current		
GICs of US$8,400 earning interest at rates ranging from 5.55% to 5.65% and maturing from November 2024 to November 2025	**11,122**	15,169
Total non-current	**11,122**	15,169
Total	**103,779**	100,995

Current marketable securities of $7,414 [US$5,600] and non-current marketable securities of $11,122 [US$8,400] (December 31, 2022: $3,792 [US$2,800] and $15,169 [US$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 and six-month periods ended June 30, 2023, the Company has recorded an additional ECL of $497 and $626, respectively (2022: additional ECL of $323 and $445, respectively), in the consolidated statement of income (loss) in "Selling and marketing".

6. OTHER RECEIVABLES

As at	June 30, 2023 $	December 31, 2022 $
Interest receivable	**5,594**	4,510
Other receivables[1]	**5,680**	5,605
Sales and other taxes receivable	**3,159**	2,815
Total	**14,433**	12,930

[1] *Includes distribution receivable from strategic funds investments of $1,024 (2022: $1,545).*

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

7. INVENTORIES

As at	June 30, 2023	December 31, 2022
	$	$
Raw materials	**10,372**	10,789
Work in progress	**3,765**	2,478
Finished goods	**84,545**	79,222
Total	**98,682**	92,489

During the three and six-month periods ended June 30, 2023, the Company recorded inventory write-down of $776 and $828, respectively (2022: $614 and $862, respectively), in the consolidated statement of income (loss) in "Cost of goods sold".

8. OTHER FINANCIAL ASSETS

As at	June 30, 2023	December 31, 2022
	$	$
Loans and other receivables *[i]*		
Measured at amortized cost	**8,981**	9,187
Measured at FVTPL	**23,228**	28,904
Equity Investments *[ii]*		
Measured at FVTPL	**2,463**	2,680
Measured at FVOCI	**1,258**	1,277
Derivatives *[iii]*		
Measured at FVTPL	**2,186**	2,111
Fund Investments *[iv]*		
Measured at FVTPL	**122,765**	132,404
Total	**160,881**	176,563

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

2023	Three months ended June 30			Six months ended June 30		
	Unrealized (gain) loss on FA measured at FVTPL	Realized (gain) loss on FA measured at FVTPL	Total	Unrealized (gain) loss on FA measured at FVTPL	Realized (gain) loss on FA measured at FVTPL	Total
For the period ended June 30, 2023	$	$	$	$	$	$
Loans and other receivables *[i]*	(156)	—	(156)	(226)	—	(226)
Equity Investments *[ii]*	(222)	—	(222)	218	—	218
Derivatives *[iii]*	(68)	—	(68)	(113)	—	(113)
Fund Investments *[iv]*	(3,493)	—	(3,493)	8,029	—	8,029
Total	(3,939)	—	(3,939)	7,908	—	7,908

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

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

[i] Loans and other receivables

As at June 30, 2023, the nominal loan balance outstanding was $32,586 [US$24,612] (December 31, 2022: $38,701 [US$28,574]). The following table summarizes the movement in loans and other receivables during the six-month period ended June 30.

	Carrying value as at January 1 $	Additions $	Loan repayments $	Net gain on FA $	Foreign exchange[1] $	Carrying value end of period[2] $	Current other financial assets $	Non-current other financial assets $
2023								
Amortized Cost	**9,187**	**—**	**—**	**—**	**(206)**	**8,981**	**5,310**	**3,671**
FVTPL	**28,904**	**—**	**(5,357)**	**226**	**(545)**	**23,228**	**23,228**	**—**
Total	**38,091**	**—**	**(5,357)**	**226**	**(751)**	**32,209**	**28,538**	**3,671**
2022								
Amortized Cost	6,272	389	(407)	—	77	6,331	2,590	3,741
FVTPL	26,796	—	—	(415)	352	26,733	7,751	18,982
Total	**33,068**	**389**	**(407)**	**(415)**	**429**	**33,064**	**10,341**	**22,723**

[1] *During the three and six-month periods ended June 30, 2023, the Company recorded a loss of $468 and $483, respectively, in the consolidated statement of income (loss) in "Foreign exchange loss" (2022: gain of $746 and $295, respectively) and a loss of $262 and $268, respectively, in the consolidated statement of comprehensive income in "Unrealized gain (loss) on translation of foreign operations" (2022: gain of $252 and $134, respectively).*
[2] *Subsequent to the quarter end, 60P loan (with a fair value estimated as nil since 2019), was converted into preferred and common shares, following a 2023 debt conversion agreement.*

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

[ii] Equity investments

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

	Carrying value as at January 1	Additions	Disposals	Net gain (loss) on FA	Foreign exchange	Carrying value end of period	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023								
FVTPL	**2,680**	—	—	**(218)**	**1**	**2,463**	**2,463**	—
FVOCI	**1,277**	—	—	**(19)**	—	**1,258**	**1,258**	—
Total	**3,957**	—	—	**(237)**	**1**	**3,721**	**3,721**	—
2022								
FVTPL	1,824	—	—	(4)	(3)	1,817	1,817	—
FVOCI	4,876	—	(1,550)	(246)	36	3,116	1,277	1,839
Total	**6,700**	—	**(1,550)**	**(250)**	**33**	**4,933**	**3,094**	**1,839**

Equity investments measured at FVOCI

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

As at	**June 30, 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 $234 [US$176] (December 31, 2022: $112 [US$83])*

[iii] Derivatives

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

	Carrying value as at January 1	Additions	Disposals	Net gain (loss) on FA	Foreign exchange	Carrying value end of period	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023	**2,111**	—	—	**113**	**(38)**	**2,186**	**486**	**1,700**
2022	1,286	—	(187)	(116)	16	999	261	738

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

[iv] Fund investments

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

	Carrying value as at January 1	Additions[1]	Distributions[2,3]	Net gain (loss) on FA	Foreign exchange[4]	Carrying value end of period	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023	**132,404**	**868**	**(1,308)**	**(8,029)**	**(1,170)**	**122,765**	**—**	**122,765**
2022	151,389	453	(4,336)	(23,520)	(676)	123,310	—	123,310

[1] *Investments in equity or debt funds including US$50 and EUR 483 (2022: including US$70 and EUR 196)*
[2] *Distribution received or receivable from funds (2022: including* EUR 2,221)
[3] *Includes distribution receivable of $1,024 (2022: including $1,545)*
[4] *During the three and six-month periods ended June 30, 2023, recorded a gain of $168 a gain $798, respectively, in the consolidated statement of income (loss) in "Foreign exchange (gain) loss" (2022: loss of $1,516 and a loss of $1,879, respectively), and a loss $1,962 and a loss of $1,969, respectively, in the statement of comprehensive income in "Unrealized gain (loss) on translation of foreign operations" (2022: gain of $2,734 and gain of $1,203, respectively).*

9. MEASUREMENT OF FINANCIAL ASSETS

[i] Fair value hierarchy

As at June 30,	2023	Level 1	Level 2	Level 3
	$	$	$	$
Recurring fair value measurements				
Loans measured at FVTPL	**23,228**	**—**	**—**	**23,228**
Equity investments measured at FVTPL	**2,463**	**2,463**	**—**	**—**
Equity investments measured at FVOCI	**1,258**	**1,258**	**—**	**—**
Derivatives	**2,186**	**—**	**—**	**2,186**
Fund investments measured at FVTPL	**122,765**	**—**	**—**	**122,765**
Total	**151,900**	**3,721**	**—**	**148,179**

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 six-month period ended June 30, 2023 or year ended December 31, 2022.

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

[ii] Day 1 Gains

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

As at	June 30, 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

10. BANK LOANS

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

As at June 30, 2023

	Currency	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	15.44%	Dec 8, 2023	**4,556**	**—**	**4,556**
Bancolombia	COP	2.28% + IBR	13.23%	Oct 12, 2026	**2,617**	**5,865**	**8,482**
IFC	BRL	1.6% + CDI	15.83%	Oct 15, 2027	**7,888**	**23,558**	**31,446**
IFC	CLP	7.71%	7.86%	Oct 15, 2027	**2,641**	**8,367**	**11,008**
IFC	COP	1.6% + IBR	14.57%	Oct 15, 2027	**2,687**	**10,592**	**13,279**
IFC	MXN	1.6% + TIIE	13.61%	Oct 15, 2027	**708**	**2,982**	**3,690**
Total Bank Loans					**21,097**	**51,364**	**72,461**

As at December 31, 2022

	Currency	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.*

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

11. OTHER LONG-TERM RECEIVABLES

As at	**June 30, 2023**	December 31, 2022
	$	$
Tax deposit – notices of reassessment	**41,582**	41,582
Other	**2,074**	2,267
Total	**43,656**	43,849

Notices of reassessment

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

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA, respectively, in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at June 30, 2023 is estimated at $3,787 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]**	45,606	227
Shares purchased under NCIB	**[iii]**	(5,118,925)	(27,354)
Shares purchased under NCIB not yet cancelled	**[iii]**	44,600	— [1]
Balance as at June 30, 2023		**107,177,220**	**571,928**

[1] *44,600 shares purchased under NCIB for $215 were cancelled subsequent to the quarter-end.*

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

[ii] Stock-based compensation plans

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

Stock options

The weighted average fair value of the options granted during the six-month period ended June 30, 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:

	Six-month period ended June 30,	
	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.

	Six-month period ended June 30,			
	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**	261,783	5.21
Expired/forfeited	**(485,498)**	**7.62**	(525,171)	8.65
Balance at end of the year	**4,655,237**	**6.95**	4,902,742	7.15
Options exercisable at the end of the year	**4,116,752**	**7.24**	3,918,994	7.34

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 six-month period ended June 30, 2023, the Company granted 52,329 DSUs ($252) to an independent board member (2022: 48,293 DSUs). As at June 30, 2023, the number of outstanding DSUs was 136,501 (2022: 77,498 DSUs).

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"):

	Six-month period ended June 30, 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	156,782	4.45	320,229	4.45
Forfeited/cancelled	(38,389)	5.14	(52,605)	5.34
Balance at end of the period	**331,313**	**4.98**	**737,955**	**4.99**
Weighted average remaining contractual life of the share units outstanding at end of period	**1.99 years**		**1.94 years**	

The Company recorded an expense of $875 and $1,669 (2022: $820 and $1,218) for the three and six-month periods ended June 30, 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 six-month period ended June 30, 2023, the Company issued 45,606 shares (2022: 34,879 shares) under the Purchase Plan for a total of $227 (2022: $186).

[iii] NCIB

During the three and six-month periods ended June 30, 2023, the Company purchased 2,875,020 and 5,118,925 (2022: 1,460,684 and 3,194,989) common shares, respectively, at an average price of $4.78 and $4.80, respectively (2022: $5.30 for both periods) for aggregate cash consideration of $13,733 and $24,563, respectively (2022: $7,739 and $16,922, respectively), of which $215 remains to be settled as at June 30, 2023. Subsequent to quarter-end up to August 3, 2023, the Company purchased an additional 480,434 common shares at an average purchase price of $4.87 for an aggregate cash consideration of $2,341.

On July 12, 2023, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2023 NCIB"). Under the terms of the 2023 NCIB, Knight may purchase for cancellation up to 5,999,524 common shares of the Company which represented 10% of its public float as at June 30, 2023. The 2023 NCIB commenced on July 14, 2023 and will end on the earlier of July 13, 2024 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.

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

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

As at	June 30, 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	**55,572**	49,391
Total	**47,430**	41,266

14. EARNINGS PER SHARE

Basic

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Net income (loss)	**1,840**	2,516	**(2,097)**	(16,295)
Weighted average shares outstanding	**108,475,559**	115,082,184	**109,988,526**	116,127,721
Basic net income (loss) per share	**0.02**	0.02	**(0.02)**	(0.14)

Diluted

Diluted earnings per share has been calculated after adjusting the weighted average number of shares used in the basic calculation to assume the conversion of all potentially dilutive shares.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Net income (loss)	**1,840**	2,516	**(2,097)**	(16,295)
Weighted average shares outstanding	**108,475,559**	115,082,184	109,988,526	116,127,721
Adjustment for share options, RSUs and DSUs	**203,173**	95,605	— [1]	— [1]
Weighted average shares outstanding	**108,678,732**	115,177,789	**109,988,526**	116,127,721
Diluted net earnings (loss) per share	**0.02**	0.02	**(0.02)**	(0.14)

[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 six-month period ended June 30, 2023 and 2022.*

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

15. SEGMENT REPORTING

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

Geographic Information

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

	Three months ended June 30,		**Six months ended June 30,**	
	2023	2022	**2023**	2022
	$	**$**	**$**	**$**
Revenues				
Brazil	**49,517**	35,032	**91,341**	63,310
Colombia	**10,578**	11,598	**19,658**	22,969
Argentina	**8,760**	13,196	**18,421**	23,791
Rest of LATAM	**9,538**	9,898	**24,278**	17,943
Canada	**5,133**	2,544	**8,835**	4,641
Other[1]	**6,379**	3,552	**9,969**	6,973
Total	**89,905**	75,820	**172,502**	139,627

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

As at June 30, 2023 and December 31, 2022, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, right-of-use assets, other long-term receivables and assets held for sale were held in the following geographic areas:

As at	**June 30, 2023**	December 31, 2022
	$	$
Canada	**62,720**	63,217
Brazil	**58,628**	56,581
Argentina	**32,805**	34,562
Colombia	**18,447**	15,723
Uruguay	**189,130**	201,889
Luxembourg	**41,289**	44,909
Rest of LATAM	**66,519**	70,655
Total	**469,538**	487,536

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

16. STATEMENT OF CASH FLOWS

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Changes in non-cash working capital: Decrease (increase) in				
Trade and other receivables	**3,044**	(13,949)	**(8,900)**	(22,403)
Prepaids and deposits	**(58)**	1,395	**3,188**	486
Inventories	**(2,074)**	1,019	**(4,700)**	1,962
Income taxes receivable	**(1,070)**	808	**(888)**	1,200
Increase (decrease) in				
Accounts payable and accrued liabilities	**(17,024)**	8,502	**(14,346)**	13,450
Other liabilities	**7,034**	(1,230)	**522**	(170)
Income tax payable	**(995)**	(567)	**(944)**	(440)
	(11,143)	(4,022)	**(26,068)**	(5,915)

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 $9 and $17 (2022: $7 and $14) to the Company for the three and six-month periods ended June 30, 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 June 30, 2023 are as follows:

[i] Fund commitments

As at June 30, 2023, under the terms of Company's agreements with life sciences venture capital funds, $11,183 (December 31, 2022: $11,787), including $817 [US$617] and $380 [EUR 263] (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).

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

[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 $351,294 including $73,436 [US$55,465], $146,056 [CHF 98,800] and $1,543 [EUR 1,068] (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 $10,021 [CHF 4,987, US$2,000] (December 31, 2022: $11,710 [EUR 738, CHF 5,412, US$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 $169,408 [BRL 285,200, US$57,938 and CHF 9,613] (December 31, 2022: $212,744 [BRL 427,800, US$64,182 and CHF 11,059]), which will be purchased over the next 8 years.

	$
2023	9,774
2024	57,850
2025	55,299
2026	12,483
2027	12,483
2028 and beyond	21,519
Total	**169,408**

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

The comparative amounts for interest paid on bank loans in the consolidated financial statements of cash flows have been reclassified from operating activities to financing activities.

Stock Exchange Listing
Toronto Stock Exchange
Trading Symbol: GUD

Transfer Agent
Computershare
1500, boul. Robert-Bourassa, 7th Floor
Montreal, Quebec H3A 3S8
T: 1 (800) 564-6253

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

Arvind Utchanah
Chief Financial Officer
T: +598 2626 2344
E-mail: info@knighttx.com

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

Knight