KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis

For the three and nine-month periods ended September 30, 2022

The following is Management's Discussion and Analysis of the financial condition and operating results of Knight Therapeutics Inc. ("Knight" or the "Company") for the three and nine-month periods ended September 30, 2022. This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and nine-month periods ended September 30, 2022 and the audited consolidated financial statements and Management's Discussion and Analysis of financial condition and operating results in our annual report for the year ended December 31, 2021. Knight's unaudited interim condensed consolidated financial statements as at and for the three and nine-month periods ended September 30, 2022 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". All amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

This discussion and analysis was prepared by management from information available as at November 9, 2022. Further information about Knight Therapeutics Inc., including the Annual Information Form, is available online on SEDAR at www.sedar.com.

Cautionary note regarding forward-looking statements

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

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar
Q3-22	Third quarter of 2022
Q2-22	Second quarter of 2022
Q1-22	First quarter of 2022
Q4-21	Fourth quarter of 2021
Q3-21	Third quarter of 2021
Q2-21	Second quarter of 2021
Q1-21	First quarter of 2021
Q4-20	Fourth quarter of 2020

Abbreviation	Company
60P	60^{o} Pharmaceuticals LLC
Advaxis	Advaxis Pharmaceuticals Inc.
Alimera	Alimera Sciences Inc.
ANSIVA	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
GBT	Biotoscana Investments S.A.
Helsinn	Helsinn Healthcare SA
Incyte	Incyte Biosciences International Sàrl
Knight or the Company	Knight Therapeutics Inc.
Medison	Medison Biotech (1995) Ltd.
Moksha8	Moksha8, Inc.
NEMO II	New Emerging Medical Opportunities Fund II Ltd.
NEMO III	New Emerging Medical Opportunities Fund III Ltd.
Novartis	Novartis AG, Novartis Pharma AG or their affiliates
Profound	Profound Medical Inc.
Puma	Puma Biotechnology, Inc.
REPL	Replimune Group, Inc.
Rigel	Rigel Pharmaceuticals, Inc.
Sectoral	Sectoral Asset Management Inc.
SGS	Singular Genomics Systems, Inc.
Synergy	Synergy CHC Corp.
Triumvira	Triumvira Immunologics Inc.
TXMD	TherapeuticsMD, Inc.

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

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

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

Abbreviation	Other
ART	Antiretroviral Therapy
ASPP	Automatic share purchase plan
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 – Q3-22 Highlights

Financial Results

- Revenues were $72,281, a decrease of $1,059 or 1% over the same period in prior year.
- Gross margin of $30,401 or 42% compared to $37,766 or 51% in the same period in prior year.
- Adjusted EBITDA[1] was $9,009, a decrease of $8,325 or 48% over the same period in prior year.
- Net loss on financial assets measured at fair value through profit or loss of $5,446.
- Net income was $1,591, compared to net loss of $8,586 in the same period in prior year.
- Cash inflow from operations was $11,329, compared to a cash inflow from operations of $10,321 in the same period in prior year.

Corporate Developments

- Executed a settlement agreement with former controlling shareholders of GBT and received $6,030 (US$4,600).
- Launched a NCIB in July 2022 to purchase up to 7,988,986 common shares of the Company over the next 12 months.
- Purchased 800,700 common shares through Knight's NCIB at an average price of $5.57 for an aggregate cash consideration of $4,463.

Products

- Re-launched AKYNZEO® (netupitant/palonosetron /fosnetupitant/palonosetron) in Brazil and Argentina in July 2022.
- Transferred marketing authorization of Exelon® (rivastigmine) and assumed commercial activities in Chile and Argentina.
- Assumed full commercial activities and re-launched Exelon® (rivastigmine) in Brazil in July 2022.

Subsequent to quarter-end

- Transferred marketing authorization of Exelon® (rivastigmine) and assumed commercial activities in Mexico, Peru & Canada.
- Submitted tafasitamab in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are not eligible for autologous stem cell transplantation (ASCT) to ANVISA for regulatory approval in Brazil.
- Purchased an additional 887,800 common shares through NCIB for an aggregate cash consideration of $4,750.

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

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

Section 3 – GBT Integration Update

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

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

FINANCIAL RESULTS

Section 4 – Results of Operations

Impact of Hyperinflation

The Company applies IAS 29, Financial Reporting in Hyperinflation Economies, as the Company's Argentine subsidiaries 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 nine-month periods ended September 30 using the following general price indexes:

	January	February	March	April	May	June	July	August	September
2022	1.60	1.53	1.43	1.35	1.28	1.22	1.14	1.06	1.00
2021	1.31	1.27	1.21	1.16	1.13	1.09	1.06	1.04	1.00

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

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

	Q3-22				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	72,281	69,111	3,170	5%	211,908	207,966	3,942	2%
Cost of goods sold	41,880	35,314	(6,566)	19%	110,735	99,536	(11,199)	11%
Gross margin	**30,401**	**33,797**	(3,396)	10%	**101,173**	**108,430**	(7,257)	7%
Gross margin (%)	***42%***	***49%***			***48%***	***52%***		
Expenses								
Selling and marketing	13,456	12,571	(885)	7%	34,072	33,010	(1,062)	3%
General and administrative	10,416	9,107	(1,309)	14%	29,814	27,368	(2,446)	9%
Research and development	4,220	3,683	(537)	15%	10,615	9,690	(925)	10%
Amortization of intangible assets	12,243	11,465	(778)	7%	34,586	32,837	(1,749)	5%
Impairment of intangible assets	2,080	2,080	—	0%	2,080	2,080	—	0%
Operating (loss) income	**(12,014)**	**(5,109)**	(6,905)	135%	**(9,994)**	**3,445**	(13,439)	390%

[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*

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

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

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

Impact of LATAM Foreign Exchange volatility

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

Rates	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
BRL	4.02	3.85	4.12	4.44	4.15	4.30	4.32	4.14
ARS	103.6	92.3	84.1	79.7	77.2	76.46	69.9	61.3
COP	3,363	3,074	3,093	3,080	3,058	3,012	2,812	2,809
CLP	712	660	639	656	614	583	572	584

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

Variance (%)[1]	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
BRL	-4%	7%	7%	-7%	3%	0%	-4%	-1%
ARS	-12%	-10%	-6%	-3%	-1%	-9%	-14%	-12%
COP	-9%	1%	0%	-1%	-2%	-7%	0%	0%
CLP	-8%	-3%	3%	-7%	-5%	-2%	2%	1%

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

Impact

Exchange rate fluctuations of LATAM currencies impact the Company's results in two ways:

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

Constant Currency

Financial results at constant currency[2] allow results to be viewed without the impact of fluctuations in foreign currency exchange rates thereby facilitating the comparison of results period over period. The presentation of financial results at constant currency is considered to be a non-GAAP measure and does not have any standardized meaning under GAAP. As a result, the information presented may not be comparable to similar measures presented by other companies.

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

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

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

	Q3-22	Q3-21	Variance		YTD-22	YTD-21	Variance	
		Excluding impact of IAS 29[1]						
		Constant Currency[2]	**$[3]**	**%[4]**		*Constant Currency[2]*	**$[3]**	**%[4]**
Revenues	69,111	71,783	(2,672)	4%	207,966	185,361	22,605	12%
Cost of goods sold	35,314	33,139	(2,175)	7%	99,536	94,359	(5,177)	5%
Gross margin	**33,797**	38,644	(4,847)	13%	**108,430**	91,002	17,428	19%
Gross margin (%)	***49%***	*54%*			***52%***	*49%*		
Expenses								
Selling and marketing	12,571	9,648	(2,923)	30%	33,010	26,492	(6,518)	25%
General and administrative	9,107	8,193	(914)	11%	27,368	24,169	(3,199)	13%
Research and development	3,683	3,617	(66)	2%	9,690	9,071	(619)	7%
Amortization of intangible assets	11,465	10,368	(1,097)	11%	32,837	22,624	(10,213)	45%
Impairment of intangible assets	2,080	—	(2,080)	100%	2,080	—	(2,080)	100%
Operating (loss) income	**(5,109)**	6,818	(11,927)	175%	**3,445**	8,646	(5,201)	60%
EBITDA[5]	**9,009**	17,429	(8,420)	48%	**40,211**	32,118	8,093	25%
Adjusted EBITDA[5]	**9,009**	17,429	(8,420)	48%	**40,211**	32,667	7,544	23%

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

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

	Q3-21				YTD-21			
	Reported under IFRS	*IAS 29 Adjustment*	*Constant Currency Adjustment*	*Constant Currency[1]*	*Reported under IFRS*	*IAS 29 Adjustment*	*Constant Currency Adjustment*	*Constant Currency[1]*
Revenues	73,340	(1,727)	170	71,783	185,205	(2,325)	2,481	185,361
Cost of goods sold	35,574	(2,372)	(63)	33,139	97,988	(5,303)	1,674	94,359
Gross margin	37,766	645	233	38,644	87,217	2,978	807	91,002
Expenses								
Selling and marketing	9,990	(324)	(18)	9,648	26,787	(442)	147	26,492
General and administrative	8,763	(663)	93	8,193	25,296	(1,361)	234	24,169
Research and development	3,793	(208)	32	3,617	9,196	(203)	78	9,071
Amortization of intangible assets	11,199	(937)	106	10,368	24,136	(1,667)	155	22,624
Operating income	4,021	2,777	20	6,818	1,802	6,651	193	8,646

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

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

Consolidated Statement of Income (Loss)

			Change				Change	
	Q3-22	Q3-21	**$[1]**	**%[2]**	**YTD-22**	YTD-21	**$[1]**	**%[2]**
Revenues	**72,281**	73,340	(1,059)	1%	**211,908**	185,205	26,703	14%
Cost of goods sold	**41,880**	35,574	(6,306)	18%	**110,735**	97,988	(12,747)	13%
Gross margin	**30,401**	37,766	(7,365)	20%	**101,173**	87,217	13,956	16%
Gross margin (%)	***42%***	*51%*			***48%***	*47%*		
Expenses								
Selling and marketing	**13,456**	9,990	(3,466)	35%	**34,072**	26,787	(7,285)	27%
General and administrative	**10,416**	8,763	(1,653)	19%	**29,814**	25,296	(4,518)	18%
Research and development	**4,220**	3,793	(427)	11%	**10,615**	9,196	(1,419)	15%
Amortization of intangible assets	**12,243**	11,199	(1,044)	9%	**34,586**	24,136	(10,450)	43%
Impairment of intangible assets	**2,080**	—	(2,080)	100%	**2,080**	—	(2,080)	100%
Operating (loss) income	**(12,014)**	4,021	(16,035)	399%	**(9,994)**	1,802	(11,796)	655%
Interest income on financial instruments measured at amortized cost	**(1,096)**	(188)	908	483%	**(2,150)**	(1,721)	429	25%
Other interest income	**(1,366)**	(1,214)	152	13%	**(4,219)**	(3,465)	754	22%
Interest expense	**1,479**	959	(520)	54%	**4,307**	2,287	(2,020)	88%
Other (income) expense	**(5,860)**	286	6,146	2149%	**(5,989)**	193	6,182	3203%
Net loss (gain) on financial assets measured at fair value through profit or loss	**5,446**	21,301	15,855	74%	**29,501**	(16,644)	(46,145)	277%
Foreign exchange (gain) loss	**(10,787)**	(7,143)	3,644	51%	**(9,105)**	252	9,357	3713%
Gain on hyperinflation	**(681)**	(92)	589	640%	**(1,514)**	(214)	1,300	607%
Income (loss) before income taxes	**851**	(9,888)	10,739	109%	**(20,825)**	21,114	(41,939)	199%
Income tax								
Current	**1,204**	1,351	147	11%	**2,175**	1,293	(882)	68%
Deferred	**(1,944)**	(2,653)	(709)	27%	**(8,296)**	(4,155)	4,141	100%
Income tax recovery	**(740)**	(1,302)	(562)	43%	**(6,121)**	(2,862)	3,259	114%
Net income (loss) for the period	**1,591**	(8,586)	10,177	119%	**(14,704)**	23,976	(38,680)	161%
Basic net earnings (loss) per share	**0.01**	(0.07)	0.08	114%	**(0.13)**	0.19	(0.32)	168%
Diluted net earnings (loss) per share	**0.01**	(0.07)	0.08	114%	**(0.13)**	0.19	(0.32)	168%
EBITDA[3]	**9,009**	17,334	(8,325)	48%	**40,211**	31,764	8,447	27%
Adjusted EBITDA[3]	**9,009**	17,334	(8,325)	48%	**40,211**	32,309	7,902	24%

[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

Q3-22 vs Q3-21

	Q3-22	Q3-21	Q3-21	Change	
	Excluding impact of IAS 29[3]	*Excluding impact of IAS 29[3]*	*Constant Currency[4]*	*Excluding impact of IAS 29[3]*	
Therapeutic Area	**$**	**$**	**$**	**$[1]**	**%[2]**
Oncology/Hematology	**26,271**	23,049	**22,668**	3,222	14%
Infectious Diseases	**27,243**	30,931	**31,526**	(3,688)	12%
Other Specialty	**15,597**	17,633	**17,589**	(2,036)	12%
Total	**69,111**	71,613	**71,783**	(2,502)	3%

[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 September 30, 2022, excluding the impact of hyperinflation, revenues decreased by $2,502 or 3% compared to the same period in prior year. The decrease in revenues excluding the impact of hyperinflation is explained by the following:

- **Oncology/Hematology:** The increase in revenues of $3,222 is driven by growth in our key promoted brands, including newly launched Lenvima® and Halaven® in Colombia, the growth of Trelstar® in Canada and the assumption of commercial activities of Akynzeo® in Brazil. This increase is offset by a reduction in revenues of our branded generics products due to market entrance of new competitors.

- **Infectious Diseases:** With the increase in patient treatments as our markets reduce COVID-19 restrictions as well as the growth of our key promoted products, the infectious disease portfolio grew by approximately $7,000. The growth is offset by an estimated $10,500 due to lower demand for certain of our infectious diseases products to treat invasive fungal infections associated with COVID-19 as well as the planned transition and termination agreement with Gilead effective July 1, 2022.

- **Other Specialty:** The decrease in revenues is mainly due to advance purchases of certain customers in Brazil in Q2-22 in anticipation of the transfer of the commercial activities of Exelon® from Novartis to Knight of approximately $2,000.

YTD-22 vs YTD-21

	YTD-22	YTD-21	YTD-21	Change	
	Excluding impact of IAS 29[3]	*Excluding impact of IAS 29[3]*	*Constant Currency[4]*	*Excluding impact of IAS 29[3]*	
Therapeutic Area	**$**	**$**	**$**	**$[1]**	**%[2]**
Oncology/Hematology	**76,121**	65,545	**65,628**	10,576	16%
Infectious Diseases	**83,785**	81,439	**85,256**	2,346	3%
Other Specialty	**48,060**	35,896	**34,477**	12,164	34%
Total	**207,966**	182,880	**185,361**	25,086	14%

[1] *A positive variance represents a positive impact to net income due to the application of IAS 29 and a negative variance represents a negative impact to net income due to the application of IAS 29*
[2] *Percentage change is presented in absolute values*
[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details.*
[4] *Revenues at constant currency is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details*

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

	For the nine-month period ended September 30, 2022, excluding the impact of hyperinflation, revenues increased by $25,086 or 14% compared to the same period in prior year. The growth in revenues excluding the impact of hyperinflation is explained by the following: • **Oncology/Hematology:** The increase in revenues of $10,576 is driven by growth in our key promoted brands, including the newly launched products Lenvima® and Halaven® in Colombia, the growth of Trelstar® in Canada and the assumption of commercial activities of Akynzeo® in Brazil. This increase is offset by a reduction in revenues of our branded generics products due to market entrance of new competitors. • **Infectious Diseases:** With the increase in patient treatments as our markets reduce COVID-19 restrictions as well as the growth of our key promoted products and purchasing patterns of certain customers, the infectious disease portfolio grew by approximately $16,000. The growth is offset by an estimated $14,000 due to lower demand for certain of our infectious diseases products to treat invasive fungal infections associated with COVID-19 as well as the planned transition and termination agreement with Gilead effective July 1, 2022. • **Other Specialty:** The revenues increase is mainly driven by the timing of the acquisition of Exelon®**.**
Gross margin	***Q3-22 vs Q3-21*** • Excluding the impact of IAS 29, the gross margin is 49% in Q3-22 compared to 54% in Q3-21. The decrease is explained by the change in the accounting of Exelon® from a net profit transfer to the recognition of revenues and related costs upon the transfer of commercial activities from Novartis to Knight in Colombia at the end of Q2-22 and Brazil at the beginning of Q3-22, as well as a change in product mix. • Under IFRS, for the quarter ended September 30, 2022, gross margin decreased from 51% in Q3-21 to 42% in Q3-22. Gross margin was negatively impacted by the change in the accounting of Exelon® and product mix, and was further negatively impacted by higher levels of inflation in Argentina in the current quarter as compared to Q3-21. The inflation in Argentina increased to 66% in the first nine months of 2022 from 37% in the same prior year period, which further negatively impact the gross margin under IAS 29. Refer to "Impact of Hyperinflation" above for further details. • Knight expects gross margin as a % of revenues to decline over the next quarters as the commercial activities of Exelon® are transferred to Knight on a country-by-country basis and the Company records revenues with related cost of sales instead of a net profit transfer. In addition, the gross margin under IFRS, as a % of revenues, is expected to decline due to an increasing inflation environment in Argentina. ***YTD-22 vs YTD-21*** • For the nine months ended September 30, 2022, gross margin was 48% compared to 47% in the same prior period. Excluding the impact of IAS 29, the gross margin is 52% in YTD Q3-22 compared to 49% in YTD Q3-21. The increase is explained by the timing of the acquisition of Exelon® in May 2021 as well as a change in product mix. Knight expects gross margin as a % of revenues to decline over the next quarters as the commercial activities of Exelon® are transferred to Knight on a country-by-country basis and the Company records revenues with related cost of sales instead of a net profit transfer. In addition the gross margin under IFRS, as a % of revenues, is expected to decline due to an increasing inflation environment in Argentina.

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

Selling and marketing	***Q3-22 vs Q3-21*** • For the quarter ended September 30, 2022, S&M increased by $3,466 or 35%. Excluding the impact of IAS 29, the increase is $2,905 or 30% driven by an increase in compensation expenses, certain variable costs such as logistics fees, as well as an increase in selling and marketing activities related to key promoted products and Exelon®. ***YTD-22 vs YTD-21*** • For the nine-month period ended September 30, 2022, S&M increased by $7,285 or 27%. Excluding the impact of IAS 29, the increase is $6,665 or 25% mainly driven by an increase in compensation expenses, certain variable costs such as logistics fees, as well as an increase in selling and marketing activities related to key promoted products and Exelon®.
General and administrative	***Q3-22 vs Q3-21*** • For the quarter ended September 30, 2022, G&A increased by $1,653 or 19%. Excluding the impact of IAS 29, the increase is $1,007 or 12% mainly driven by an increase in compensation expense. ***YTD-22 vs YTD-21*** • For the nine-month period ended September 30, 2022, G&A increased by $4,518 or 18%. Excluding the impact of IAS 29, the increase is $3,433 or 14%, mainly driven by an increase in compensation expense including severance costs, certain consulting and professional fees, the appreciation of select LATAM currencies offset by the lower costs related to stock options.
Research and development expenses	***Q3-22 vs Q3-21*** • No significant variance ***YTD-22 vs YTD-21*** • For the nine-month period ended September 30, 2022, R&D increased by $1,419 or 15%. Excluding the impact of IAS 29, the increase is $697 or 8%, mainly driven by an increase in compensation expenses and the appreciation of select LATAM currencies.
Amortization of intangible assets	***Q3-22 vs Q3-21*** • For the quarter ended September 30, 2022, amortization of intangible assets increased by $1,044 driven by in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel, and the appreciation of the USD vs. the CAD. ***YTD-22 vs YTD-21*** • For the nine-month period ended September 30, 2022, amortization of intangible assets increased by $10,450 driven mainly by the acquisition of Exelon® and the appreciation of the USD vs. the CAD.
Impairment of intangible assets	***YTD-22 vs YTD-21 and Q3-22 vs Q3-21*** • Impairment of intangible assets of $2,080 represents the write-down of the upfront and certain milestones payments made under certain product license agreements as a result of changes in commercial expectations.

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

Interest income	***YTD-22 vs YTD-21 and Q3-22 vs Q3-21*** • Includes "Interest income on financial instruments measured at amortized cost" and "Other interest income". • Primarily from interest earned on loans, cash and cash equivalents, marketable securities and accretion on loans receivable. • Interest income for Q3-22 was $2,462 and YTD-22 $6,369, an increase of 76% or $1,060 and 23% or $1,183, respectively, compared to the same period in prior year due to higher interest rates on cash and marketable securities.
Interest Expense	***Q3-22 vs Q3-21*** • Interest expense for the three-month period ended September 30, 2022 increased by $520 or by 54% compared to the same period in prior year due to higher interest rates offset by a lower average bank loan balance. Refer to Section 7 for further information on the bank loans. ***YTD-22 vs YTD-21*** • Interest expense for the nine-month period ended September 30, 2022 increased by $2,020 or by 88% compared to the same period in prior year due to higher interest rates offset by a lower average bank loan balance. Refer to Section 7 for further information on the bank loans.
Other income (expense)	***YTD-22 vs YTD-21 and Q3-22 vs Q3-21*** • Other income in Q3-22 and YTD-22 is mainly driven by $6,030 (US$4,600) gain upon execution of a settlement agreement and general release with the former shareholders of GBT. The Company made certain claims ("Claims") with respect to its indemnification rights under the purchase agreement for the acquisition of GBT and received $6,030 (US$4,600) as settlement for the Claims.
Net gain or loss on financial assets measured at fair value through profit or loss	***Q3-22 vs Q3-21*** • Net loss on financial assets measured at fair value through profit and loss for Q3-22 was $5,446, mainly driven by unrealized losses on revaluation of our strategic fund investments. ***YTD-22 vs YTD-21*** • Net loss on financial assets measured at fair value through profit and loss for YTD-22 $29,501, 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 due to general market conditions. • Refer to Section 10 for further information.
Foreign exchange gain	• The foreign exchange gain in Q3-22 and YTD-22 is mainly driven by the unrealized gains on intercompany balances due to the appreciation of the USD. • The foreign exchange gain in Q3-21 was mainly driven by the appreciation of the USD and EUR currencies throughout the period.
Gain (loss) on hyperinflation	• Relates to gain (loss) on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to "Impact of Hyperinflation" below for further details. • Refer to note 2.3 in the Annual Financial Statements for further details on hyperinflation accounting.
Income tax expense	• The income tax recovery for Q3-22 and YTD-22 is driven by the recognition of certain deferred tax assets due to tax losses generated in certain jurisdictions and timing differences related to our financial assets and certain intercompany transactions. • The income tax recovery for Q3-21 and YTD-21 is driven by reversal of certain tax provision related to prior years as well as changes in the deferred tax expense due to timing difference and foreign exchange movements.

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

Non-GAAP measures

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

The Company uses the following non-GAAP measures:

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

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

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

EBITDA: Operating income or loss adjusted to exclude amortization and impairment of intangible assets, depreciation, purchase price 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.

Reconciliation to adjusted EBITDA

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

			Change				Change	
	Q3-22	Q3-21	**$[1]**	**%[2]**	**YTD-22**	YTD-21	**$[1]**	**%[2]**
Operating (loss) income	**(12,014)**	4,021	(16,035)	399%	**(9,994)**	1,802	(11,796)	655%
Adjustments to operating (loss) income:								
Amortization of intangible assets	**12,243**	11,199	1,044	9%	**34,586**	24,136	10,450	43%
Impairment of intangible assets	**2,080**	—	2,080	100%	**2,080**	—	2,080	100%
Depreciation of property, plant and equipment and ROU assets	**3,025**	1,796	1,229	68%	**7,841**	4,778	3,063	64%
Lease costs (IFRS 16 adjustment)	**(625)**	(744)	119	16%	**(1,914)**	(2,141)	227	11%
Impact of IAS 29	**4,300**	1,062	3,238	305%	**7,612**	3,189	4,423	139%
EBITDA	**9,009**	17,334	(8,325)	48%	**40,211**	31,764	8,447	27%
Acquisition and transaction costs	—	—	—	0%	—	432	(432)	100%
Other non-recurring expenses	—	—	—	0%	—	113	(113)	100%
Adjusted EBITDA[3]	**9,009**	17,334	(8,325)	48%	**40,211**	32,309	7,902	24%

[1] A positive variance represents a positive impact to EBITDA and adjusted EBITDA and a negative variance represents a negative impact to EBITDA and adjusted EBITDA

[2] Percentage change is presented in absolute values

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

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

Explanation of adjustments

Acquisition costs	Acquisition and transaction costs relate to costs incurred on legal, consulting and advisory fees for the acquisition of GBT and the acquisition of products. During the nine-month period ended September, 2021 the Company incurred expenses of $432, respectively, related to acquisition of Exelon® (Q3-21: Nil).
Other non-recurring expenses	Other non-recurring expenses relate to expenses incurred by the Company that are not due to, and are not expected to occur in, the ordinary course of business. For the nine-month period ended September 30, 2021, the Company incurred one-time costs of $113 related to restructuring activities including severance to certain employees as part of restructuring and integration of GBT (Q3-21: Nil).

Adjusted EBITDA Q3-22 vs Q3-21

For the three-month period ended September 30, 2022 adjusted EBITDA decreased by $8,325 or 48%. The decrease in adjusted EBITDA is driven by a decrease in gross margin of $7,365 and an increase in operating expenses. Refer to above explanations for further details.

Adjusted EBITDA YTD-22 vs YTD-21

For the nine-month period ended September 30, 2022 adjusted EBITDA increased by $7,902 or 24%. The growth in adjusted EBITDA is driven by an increase in gross margin of $13,956 offset by an increase in operating expenses. Refer to above explanations for further details.

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

FINANCIAL CONDITION

Section 5 – Consolidated Balance Sheets

Impact of LATAM Foreign Exchange volatility

The following table represents the quarter end closing rates used by Knight to convert the assets and liabilities on the balance sheet at the end of each reporting period. The appreciation of the BRL partially offset by depreciation of other LATAM currencies, and gain from the restatement of equity components of the Company's subsidiaries in Argentina as a result of hyperinflation accounting under IAS 29, resulted in a gain on translation of the Company's subsidiaries which is reflected in the statement of comprehensive income.

Rates	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21
BRL	3.94	4.05	3.80	4.40	4.25
ARS	107.12	97.07	88.72	80.88	77.65
COP	3,322	3,205	3,012	3,195	3,012
CLP	703	718	631	671	638

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

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

Balance Sheets

			Change	
	09-30-22	12-31-21	**$**	**%[1]**
ASSETS				
Current				
Cash and cash equivalents	**101,822**	85,963	15,859	18%
Marketable securities	**43,320**	63,539	(20,219)	32%
Trade receivables	**80,054**	55,388	24,666	45%
Other receivables	**10,345**	5,056	5,289	105%
Inventories	**84,942**	72,397	12,545	17%
Prepaids and deposits	**2,000**	2,165	(165)	8%
Other current financial assets	**17,172**	13,491	3,681	27%
Income taxes receivable	**3,193**	6,970	(3,777)	54%
Total current assets	**342,848**	304,969	37,879	12%
Prepaids and deposits	**3,777**	3,046	731	24%
Right-of-use assets	**5,647**	4,671	976	21%
Property, plant and equipment	**29,927**	25,265	4,662	18%
Investment properties	**—**	1,457	(1,457)	100%
Intangible assets	**370,888**	350,299	20,589	6%
Goodwill	**83,412**	75,403	8,009	11%
Other financial assets	**149,739**	178,952	(29,213)	16%
Deferred income tax assets	**1,308**	2,048	(740)	36%
Other long-term receivables	**46,011**	43,431	2,580	6%
	690,709	684,572	6,137	1%
Assets held for sale	**1,786**	2,350	(564)	24%
Total assets	**1,035,343**	991,891	43,452	4%

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

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

			Change	
	09-30-22	12-31-21	**$**	**%[1]**
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities	**90,865**	65,309	25,556	39%
Lease liabilities	**2,293**	1,614	679	42%
Other liabilities	**6,447**	1,989	4,458	224%
Bank loans	**25,148**	26,662	(1,514)	6%
Income taxes payable	**2,728**	7,073	(4,345)	61%
Other balances payable	**12,051**	2,655	9,396	354%
Total current liabilities	**139,532**	105,302	34,230	33%
Accounts payable and accrued liabilities	**269**	281	(12)	4%
Lease liabilities	**3,550**	3,417	133	4%
Bank loan	**8,072**	9,265	(1,193)	13%
Other balances payable	**24,321**	19,235	5,086	26%
Deferred income tax liabilities	**5,083**	12,373	(7,290)	59%
Total liabilities	**180,827**	149,873	30,954	21%
Shareholders' Equity				
Share capital	**607,765**	628,854	(21,089)	3%
Warrants	**117**	117	—	0%
Contributed surplus	**23,196**	21,776	1,420	7%
Accumulated other comprehensive income (loss)	**46,529**	(376)	46,905	12475%
Retained earnings	**176,909**	191,647	(14,738)	8%
Total shareholders' equity	**854,516**	842,018	12,498	1%
Total liabilities and shareholders' equity	**1,035,343**	991,891	43,452	4%

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

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

	09-30-22 vs 12-31-21
Cash and cash equivalents and marketable securities (current and long term)	• Refer to Section 7 – Liquidity and Capital Resources for further information.
Trade receivables	• Trade receivables increased by $24,666 or 45%, mainly due to growth in revenues driven by Exelon® as a result of Knight assuming full commercial activities and re-launching Exelon® in Brazil and Colombia, the increase in sales of key promoted products, and an increase in patient treatments as our markets reduce COVID-19 restrictions. Furthermore, Knight expects that the trade receivables related to Exelon®, as at September 30, 2022, is at a normal operating level.
Other receivables (current)	• Other receivables increased by $5,289, or 105% mainly due to a distribution receivable from strategic funds investments of $2,500 and increase in interest receivable of $1,001. • Refer to note 6 in the Interim Financial Statements for further details.
Inventories	• Inventories increased by $12,545, or 17% due to: i. Exelon® inventory purchased in Brazil and Colombia from Novartis as a result of the transfer of the commercial activities to Knight; ii. increase in demand of certain of our key promoted products; iii. timing of inventory purchases of certain products. Furthermore, Knight expects the inventory levels to continue increasing as the marketing authorizations and commercial activities of Exelon® transfer to Knight on a country-by-country basis.
Other financial assets (current and long term)	Other financial assets decreased by $25,532, or 13%, explained mainly by the following: **Loans and other receivable:** Increase of $5,069 mainly attributable to net loans issued of $2,723 and foreign exchange gains of $2,288. Refer to Section 9 for further information on Knight's strategic lending portfolio. **Equity investments and Derivatives:** decrease of $1,741 or 22% driven by the disposal of equity investments during the period and the revaluation of equity investments and derivatives. Refer to note 8 in the Interim Financial Statements for further information. **Funds:** decrease of $28,860 due to negative mark-to-market adjustments of $29,688 driven mostly by the decline in the share prices of the publicly-traded equities held by our strategic fund investments due to general market conditions, distributions received and receivable of $5,520, offset by capital calls of $3,300 and foreign exchange gains of $3,048. Refer to Section 10 for further information on Knight's strategic investments.
Income tax receivable	• Decrease is mainly due to timing of income tax installments and receipt of expected refunds from taxation authorities.
Intangible assets	• Increase mainly due to upfront payments and certain milestones mainly related to in-licensing of AKYNZEO® and ALOXI® from Helsinn, fostamatinib from Rigel and the appreciation of the USD vs. the CAD, offset by amortization and impairment charge during the period.
Goodwill	• Increase due to the appreciation of certain LATAM currencies during the period.
Deferred income tax asset	• Decrease is mainly explained by valuation allowance offset by additional deferred tax assets recognized on tax losses generated in certain jurisdictions and due to certain temporary differences related to financial assets.

	09-30-22 vs 12-31-21
Other receivables (long-term)	• No significant variance.
Accounts payable and accrued liabilities (current and long term)	• Increase in accounts payable and accrued liabilities balance by $25,544, or 39%, driven by: i. purchase of inventory due to increase in demand of certain key promoted products; ii. timing of payment to certain suppliers; and, iii. purchase of the inventory of Exelon® in Brazil and Colombia from Novartis.
Bank loans (current and long term)	• Decrease in bank loans by $2,707 or 8% due to loan repayments of $5,447, partially offset by proceeds from bank loans and accrued interest. • For further details on the bank loans held by Knight, refer to Section 7.
Income tax payable	• Decrease is mainly explained by the payment of income taxes.
Other balances payable (current and long term)	• Increase in other payables by $14,482 due to certain milestones mainly related to in-licensing of AKYNZEO® and ALOXI® from Helsinn, fostamatinib from Rigel and appreciation of the USD vs the CAD.
Deferred income tax liability	• Decrease is mainly related to the recognition of deferred income tax recovery on certain definite-life intangible assets acquired by the Company.
Share capital	• Decrease due to the purchase of Knight's common shares though the NCIB, partially offset by share issuance under ESPP. • Refer to note 14 (ii) and (iii) in the Interim Financial Statements for further information.
Contributed surplus	• Increase related to share-based compensation expense. • Refer to the statement of changes in equity and note 14 (ii) in the Interim Financial Statements for further information.
Accumulated other comprehensive loss	• Refer to the statement of changes in shareholders' equity in the Interim Financial Statements for further information.
Retained earnings	• Decrease due to net loss generated, partially offset by increase due to common shares purchased under NCIB. • Refer to the consolidated statement of changes in equity in the Interim Financial Statements for further information.

Section 6 – Notices of Reassessment

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

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA respectively in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at September 30, 2022 is estimated at $2,406 and has not been recorded by the Company.

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

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.

Section 7 – Liquidity and Capital Resources

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

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

			Change		YTD		Change	
	Q3-22	Q3-21	**$**	**%**[1]	**2022**	2021	**$**	**%**[1]
Net cash from operating activities	**11,329**	10,321	1,008	10%	**35,729**	39,937	(4,208)	11%
Net cash from investing activities	**(3,296)**	(5,710)	2,414	42%	**1,945**	(114,748)	116,693	102%
Net cash from financing activities	**(5,079)**	(16,207)	11,128	69%	**(28,096)**	(55,424)	27,328	49%
Increase in cash and cash equivalents during the period	**2,954**	(11,596)	14,550	125%	**9,578**	(130,235)	139,813	107%
Net foreign exchange difference	**5,749**	1,504	4,245	282%	**6,281**	(6,867)	13,148	191%
Cash and cash equivalents beginning of the period	**93,119**	102,582	(9,463)	9%	**85,963**	229,592	(143,629)	63%
Cash and cash equivalents, end of the period	**101,822**	92,490	9,332	10%	**101,822**	92,490	9,332	10%
Marketable securities, end of the period	**43,320**	63,539	(20,219)	32%	**43,320**	63,539	(20,219)	32%
Cash and cash equivalents, and marketable securities, end of the period	**145,142**	156,029	(10,887)	7%	**145,142**	156,029	(10,887)	7%
Cash and cash equivalents, net of bank loans	**68,602**	56,162	12,440	22%	**68,602**	56,162	12,440	22%

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

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

	Q3-22	YTD-22
Net cash from operating activities	Primarily relates to cash generated through revenues and interest received, offset by operating expenses including salaries, research and development expenses, advertising and promotion costs, interest paid and other corporate expenses. Cash flows from operating activities exclude revenues and expenses not affecting cash, such as unrealized and realized gains or losses on financial assets, share based compensation expense, depreciation and amortization, 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 September 30, 2022, cash inflow from operations was $11,329 driven by the operating results adjusted for non-cash items such as depreciation, amortization and impairment offset by an unrealized foreign exchange gain, other income and increase in working capital of $4,114. Refer to note 18 for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $869 related to net interest received mainly driven by the timing of maturity of marketable securities.	For the nine-month period ended September 30, 2022, cash inflow from operations was $35,729 driven by the operating income adjusted for non-cash items such as depreciation, amortization and impairment offset by an unrealized foreign exchange gain, other income and increase in working capital of $12,129. Refer to note 18 for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $2,689 related to net interest received mainly driven by the timing of maturity of marketable securities. The Company expects an additional investment in working capital with an increase in the level of inventory in the next quarter as we continue to transfer the commercial activities of Exelon® from Novartis to Knight that is expected to have a negative impact to the operating cash flows for the rest of 2022. The working capital levels are expected to normalize at the beginning of 2023.
Net cash from investing activities	For the three-month period ended September 30, 2022, cash flows were mainly driven by: • net purchase of marketable securities of $42; • investment in life sciences funds of $2,847 offset by distributions from funds of $230, and • acquisition of intangibles and property and equipment of $637.	For the nine-month period ended September 30, 2022, cash flows were mainly driven by: • net proceeds on marketable securities of $20,593; • acquisition of intangibles and property and equipment of $19,163 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 $3,408 offset by investment in funds of $3,300.
Net cash from financing activities	Cash flows from financing activities were mainly due to the repurchase of common shares through the NCIB, principal repayments on bank loans, principal repayments on lease liabilities, proceeds from bank loans and proceeds from the participation of employees and directors in the Company's share purchase plan.	

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

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

As at September 30, 2022

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	13.31%	Dec 8, 2023	**13,112**	**—**	**13,112**
Itaú Unibanco Brasil	BRL	2.20% + CDI	13.87%	Dec 28, 2022	**6,665**	**—**	**6,665**
Bancolombia	COP	2.28% + IBR	7.35%	Oct 12, 2026	**2,385**	**8,072**	**10,457**
Banco ICBC Argentina[1]	ARS	63%[2]	63%	N/A	**768**	**—**	**768**
Banco Itaú Argentina[1]	ARS	65%[3]	65%	N/A	**2,218**	**—**	**2,218**
Total Bank Loans					**25,148**	**8,072**	**33,220**

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

As at December 31, 2021

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

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

PRODUCT ACQUISITION STRATEGY

Section 8 – Products

The Company's focus is to market and sell innovative products and engage in the development, manufacturing and marketing of specialty pharmaceutical branded generic products in Latin America and Canada, as well as select international markets.

Knight expects to expand its product portfolio within existing therapeutic fields in Canada and LATAM, and intends to leverage its expertise in specialty sales and marketing, branded generic development, product acquisition and in-licensing to gain a competitive advantage in delivering pharmaceutical products to the marketplace, thereby decreasing scientific risks, long development timelines and high development costs. In addition, Knight's wholly owned subsidiary, Knight Therapeutics International S.A., develops innovative pharmaceuticals including those used to treat neglected tropical diseases and rare pediatric diseases.

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

1. Acquisition of products, portfolios and companies

Knight is pursuing the acquisition of innovative products including portfolios that have been launched and marketed primarily by large pharmaceutical companies for a number of years. The acquisition of legacy products from global pharmaceutical companies is accretive to Knight's profitability and represents an opportunity to build a portfolio of owned assets with valuable and well-established brands. The acquisition of Exelon®, completed during 2021, is an example of the execution of this strategy. The Company is also pursuing bolt-on corporate acquisitions in certain key markets that would further optimize its footprint, capabilities, and portfolio.

2. In-licensing of innovative products

The Company is pursuing the in-licensing of innovative late-stage products in its key therapeutic areas that include oncology/hematology, infectious diseases, immunology, gastrointestinal and central nervous system. In addition, the Company remains open to considering the in-licensing of products in other specialty areas where Company believes that there may be an attractive market opportunity. The in-licensing strategy represents future growth opportunities as the Company launches innovative and unique treatments across its markets. The in-licensing of AKYNZEO® and ALOXI®, completed during 2022, is an example of the execution of this strategy.

3. Development of branded generic products

The Company's development efforts have been concentrated on developing branded generics for Argentina and other LATAM markets. The Company is focusing its near-term efforts on expanding the geographic reach of currently developed branded generics. In addition, the Company is working on optimizing its development efforts and capabilities to allow it to access larger opportunities for LATAM as well as in-licensing branded generics for certain LATAM territories.

Prescription Pharmaceutical Products

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

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

[1] 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] Knight will begin commercial activities following a transition period from Helsinn current licensees.

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

[1] 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.

Oncology/Hematology

Tafasitamab and Pemigatinib

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

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

Pemigatinib is approved in the United States, Europe and Japan for the treatment of adult patients with locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 ("FGFR2") fusion or rearrangement that have progressed after at least one prior line of systemic therapy. Cholangiocarcinoma is the most common cancer of the bile duct. FGFR2 fusions or rearrangements have been observed in 10-16%[5] of patients with intrahepatic cholangiocarcinoma, whereas the incidence in patients with extrahepatic cholangiocarcinoma is rare. There are approximately 4,000 - 6,000 new cases of intrahepatic cholangiocarcinoma each year in Latin America[3,6].

Knight submitted marketing authorization application for tafasitamab in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are not eligible for autologous stem cell transplantation (ASCT) to ANVISA in Brazil in October 2022. Knight expects to submit tafasitamab in other key LATAM countries over the next several months.

Akynzeo® and Aloxi®

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

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

Knight assumed commercial activities and re-launched AKYNZEO® in Brazil and Argentina in July 2022 and expects to begin commercial activities in Canada in Q4-2022 following the transition from Helsinn's current licensee.

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[3] *Globocan 2020.*

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

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

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

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

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

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. On October 10, 2022, Rigel announced that it does not expect to file a supplemental NDA for fostamatinib for the treatment of patients with wAIHA based on guidance from the FDA's review of Rigel's re-analysis of data from the Phase 3 trial. Rigel will continue to explore its options for the wAIHA program in relation to its complete portfolio of development opportunities. 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. Rigel is evaluating the opportunity and next steps in collaboration with its partner, the U.S. Department of Defense.

Nerlynx®

On January 9, 2019, Knight entered into an exclusive license agreement with Puma for the exclusive right to commercialize Nerlynx® (neratinib) in Canada. On July 16, 2019, Nerlynx® was approved by Health Canada for the extended adjuvant treatment of women with early stage hormone receptor positive and HER2-overexpressed/amplified breast cancer following adjuvant trastuzumab-based therapy. On July 6, 2021 Health Canada approved Nerlynx® (neratinib) in combination with capecitabine for the treatment of adult patients with metastatic HER2-overexpressed/amplified breast cancer, who have received two or more prior anti-HER2-based regimens in the metastatic setting. In December 2019 pERC published their final report recommending that Nerlynx® should not be reimbursed through the public drug plans. Knight launched NERLYNX® at the end of 2019 and is focused on ensuring access to patients. Nerlynx® is now covered by several private insurance companies in Canada. According to IQVIA data, Nerlynx® sales in Canada were $488 and $1,181 for the three and nine-month periods ended September 30, 2022, which represents a growth of 59% and a decline of 1% compared to the same period in prior year.

Trelstar®

On January 8, 2020, Knight announced that it had entered into an agreement with Debiopharm for the Canadian commercial rights of Trelstar®(tripotorelin), for the treatment of advanced prostate cancer and the management and relief of chronic pain associated with endometriosis. On April 20, 2020, the Company announced that it took over commercial activities from Debiopharm's previous partner and began commercializing Trelstar® in Canada. According to IQVIA data, Trelstar® sales in Canada were $1,201 and $3,201 for the three and nine-month periods ended September 30, 2022, which represents a growth of 7% and 61% compared to the same periods in prior year.

Vidaza®

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

Abraxane®

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

Halaven®

Halaven® (eribulin mesylate) injection is a synthetic derivative of halicondrin B, belonging to the halichondrin class of antineoplastic agents. Halaven® is indicated for (1) the treatment of adult patients with locally advanced or metastatic breast cancer who have progressed after at least one chemotherapeutic regimen[9] for advanced disease. Prior therapy should have included an anthracycline and a taxane in either the adjuvant or metastatic setting unless patients were not suitable for these treatments, and (2) the treatment of patients with unresectable soft tissue sarcoma who have received prior chemotherapeutic regimen for advanced or metastatic disease. Halaven® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico. The Company received regulatory approval for Halaven® in Colombia and launched the product in March 2022.

Lenvima®

Lenvima® (lenvatinib) is indicated for the following three indications (1) the treatment of adult patients with progressive, locally advanced or metastatic, differentiated (papillary/follicular/Hürthle cell) thyroid carcinoma, refractory to radioactive iodine, (2) the treatment of adult patients with advanced or unresectable hepatocellular carcinoma who have received no prior systemic therapy, and in certain Latam countries for (3) the treatment of adult patients with advanced renal cell carcinoma following one prior anti-angiogenic therapy, in combination with everolimus[10]. 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. Lenvima® was launched in Brazil in April 2018 and Chile in June 2020. The Company received regulatory approval for Lenvima® in Colombia and launched the product in February 2022[11].

Ladevina®

Ladevina® (lenalidomide) is indicated for (1) the treatment, as a maintenance monotherapy, of patients with newly diagnosed multiple myeloma, who have had an autologous stem cell transplant and, in patients with relapsed or refractory mantle cell lymphoma[12], (2) the treatment of patients with transfusion-dependent anemia due to low-risk and intermediate-1 myelodysplastic syndromes linked to a 5q deletion cytogenetic abnormality with or without abnormalities, (3) the treatment, in combination therapy, of adult patients with multiple myeloma without prior treatment who are not candidates for a transplant[12], and (4) the treatment, in combination with Dexamethasone and in second line, of multiple myeloma patients who have received at least one prior therapy and have not responded to treatment. Ladevina® is part of Knight's proprietary branded generic portfolio and is commercialized in Argentina, Chile, Colombia, Peru, Ecuador, Bolivia, Paraguay, Uruguay and Central America.

Zyvalix®

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

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

[10] *Indication not included in Colombia.*

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

Karfib®

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

Leprid®

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

Rembre®

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

Infectious Diseases

AmBisome®

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

Cresemba®

Cresemba® (isavuconazonium sulfate) is an azole antifungal agent indicated for use in adults for the treatment of invasive aspergillosis and invasive mucormycosis. Cresemba® is licensed from Basilea and Knight holds the rights to commercialize the product in Latin America. Cresemba® is commercialized in Argentina, Colombia, Mexico, Chile, Peru. Cresemba® was launched in Mexico in June 2019 and in Brazil in April 2020.

Impavido®

On February 27, 2014, Knight acquired the worldwide rights to Impavido® (miltefosine) as part of its business separation agreement with Paladin. Impavido® is an oral drug treatment based on miltefosine for the visceral, cutaneous and mucocutaneous leishmaniasis which is caused by a protozoa parasite from over 20 Leishmania species and is approved for sale in the U.S, Germany, Nepal and Israel. Impavido® was launched in the U.S in March 2016 by Knight's commercialization partner, Profounda.

Other Specialty Therapeutic Areas

Exelon®

On May 26, 2021, the Company entered into an agreement with Novartis to acquire the exclusive rights to manufacture, market and sell Exelon® (rivastigmine), in Canada and Latin America as well as an exclusive license to use the intellectual

property and the Exelon® trademark, from Novartis within those territories. Exelon® is a prescription product that was first approved in 1997 and is currently registered and sold in approximately 90 countries. Exelon® is indicated for the symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease and Parkinson's disease.

Knight has entered into a transition service agreement with Novartis until transfer of marketing authorization, on a country-by-country basis during which Knight will receive a net profit transfer. As at November 9, 2022, the marketing authorizations of Exelon® for Brazil, Colombia, Argentina, Mexico, Chile, Peru and Canada were transferred to Knight. In addition, Knight has assumed the commercial activities of Exelon® in Colombia in Q2-22, Brazil, Argentina & Chile in Q3-22 and Mexico, Peru & Canada in Q4-22.

Ibsrela®

On March 16, 2018, Knight entered into an exclusive licensing agreement with Ardelyx to commercialize Ibsrela® (tenapanor) in Canada. Ibsrela® is a first-in-class small molecule treatment for IBS-C. Ardelyx received regulatory approval for Ibsrela® from the US FDA in September 2019. On April 17, 2020, the Company announced that Ibsrela® was approved by Health Canada. The Company launched Ibsrela® in March 2021 and has obtained reimbursement with most private insurers across Canada. According to IQVIA data, Ibsrela® sales in Canada were $145 and $255 for the three and nine-month periods ended September 30, 2022, which represents a growth of 263% and 325% compared to the same periods in prior year.

Salofalk®

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

Ursofalk™

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

Imvexxy™ and Bijuva™

On July 31, 2018, Knight entered into an exclusive licensing agreement for the commercial rights of Imvexxy™ (estradiol vaginal inserts) and Bijuva™ (estradiol and progesterone) in Canada and Israel. Imvexxy™ is approved for the treatment of moderate-to-severe dyspareunia (vaginal pain associated with sexual activity), a symptom of vulvar and vaginal atrophy (VVA), due to menopause. Bijuva™ was approved by the Health Canada in September 2020, is a bio-identical hormone therapy combination of estradiol and progesterone in a single, oral softgel for the treatment of moderate-to-severe vasomotor symptoms due to menopause. The Company expects to launch both products in 2023.

Fibridoner®

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

Toliscrin®

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

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

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

Tobradosa Haler®

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

Gilead Transition and Termination Agreement

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

Branded Generics Pipeline

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

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

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

Country	Therapeutic Area	Number of molecules	Stage of development	Expected launch year
Argentina	Oncology/Hematology	2	Development	2025
Argentina	Oncology/Hematology	1	Pending Launch	2023
Brazil	Oncology/Hematology	1	Development	2025
Brazil	Other Specialty	1	Development	2025
Colombia	Oncology/Hematology	2	Development	2025-2026
Colombia	Oncology/Hematology	1	Regulatory Review	2023
Colombia	Other Specialty	1	Development	2027
Chile	Oncology/Hematology	3	Development	2024
Mexico	Oncology/Hematology	1	Development	2027
Mexico	Other Specialty	1	Development	2025

Section 9 – Strategic Lending

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

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

date, the strategic lending portfolio has led to the acquisition of Neuragen and the in-licensing of several products from Antibe, 60P family, Profound and Triumvira.

	Nominal loan balance as at September 30, 2022	
Entity	**In Source Currency**	**In CAD[1]**
Moksha8	US$11,993	$16,439
Synergy	US$7,500	$10,280
60P[2]	US$6,310	$8,649
Other strategic loans	US$2,771	$3,798
Total		**$39,166**

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

As at September 30, 2022, the nominal loan balance outstanding was $39,166 [US$28,574] (December 31, 2021: $33,691 [US$26,574]). The following table summarizes the movement in loans and other receivables during the nine-month period ended September 30.

	Carrying value as at January 1 $	Additions $	Loan repayments $	Net loss on FA $	Foreign exchange[1] $	Carrying value end of year $	Current other financial assets $	Non-current other financial assets $
2022								
Amortized Cost	6,272	3,130[3]	(407)	—	304	9,299	5,497	3,802
FVTPL	26,796	—	—	58	1,984	28,838	8,122	20,716
Total	**33,068**	**3,130**	**(407)**	**58**	**2,288**	**38,137**	**13,619**	**24,518**
2021								
Amortized Cost	8,847	35	(2,494)	—	(38)	6,350	2,561	3,789
FVTPL	24,261	2,108	—	33	52	26,454	7,548	18,906
Total	**33,108**	**2,143**	**(2,494)**	**33**	**14**	**32,804**	**10,109**	**22,695**

[1] During the three-month period ended September 30, 2022, the Company recorded a gain of $1,329 in the statement of income (loss) in "Foreign exchange loss" (2021: gain of $632) and a gain of $530 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: gain of $236)
[2] During the nine-month period ended September 30, 2022, the Company recorded a gain of $1,624 in the statement of income (loss) in "Foreign exchange loss" (2021: gain of $59) and a gain of $664 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: loss of $45)
[3] Includes a reclassification of $1,348 to "Other Receivables"

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

Section 10 – Strategic Investments

Fund Investments

Knight invests in life sciences venture capital funds in which the Company earns a return similar to any other limited partner in the fund and may receive preferential access to innovative healthcare products from around the world for Canada and select international markets. Since inception of the fund strategy, Knight has committed to invest with the following capital fund managers for approximately $126,653 of which $14,694 remains committed as at September 30, 2022. To date, the investments in venture capital funds have led to the Canadian in-license of a portfolio of products from Advaxis. Knight does not expect to invest in additional venture capital funds.

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

[1] Converted at the Bank of Canada noon exchange rates as of the commitment date (using the September 30, 2022 closing rates total fund commitment would be $136,584)
[2] Represents an investment in a debt fund

Since the inception, the Company has invested $150,491 in strategic funds and received distributions of $124,393 on which a gain of $64,160 has been realized. Furthermore, as at September 30, 2022, the fund investments were recorded at their fair value of $122,529 including unrealized gains of $32,272. The following table summarizes the movement in fund investments during the nine-month period ended September 30:

	Carrying value as at January 1	Additions[1]	Distributions[2,3]	Net (loss) gain on FA	Foreign exchange[4]	Carrying value end of period	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2022	**151,389**	**3,300**	**(5,520)**	**(29,688)**	**3,048**	**122,529**	—	**122,529**
2021	149,736	10,963	(27,615)	17,063	(1,243)	148,904	—	148,904

[1] Investments in equity or debt funds including US$870 and EUR 1,552 (2021: including US$2,875 and EUR 1,771)
[2] Distributions received or receivable from funds including EUR 2,221 (2021: including US$12,297 and EUR 1,090)
[3] Includes distribution receivable of $2,500 (2021: $14,203, including US$ 8,157 final distribution from NEMO II following its liquidation)
[4] During the three-month period ended September 30, 2022, recorded a loss of $1,902 in the statement of income (loss) in "Foreign exchange loss" (2021: loss of $502) and a gain of $5,627 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: gain of $3,463)
[5] During the nine-month period ended September 30, 2022, recorded a loss of $3,781 in the statement of (loss) income in "Foreign exchange loss" (2021: loss of $2,763) and a gain of $6,830 in the statement of other comprehensive income (loss) in "Unrealized income (loss) on translation of foreign operations" (2021: gain of $1,520)

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

Domain Associates LLC

On May 26, 2021 SGS, an investment held within Domain Associated LLC ("Domain"), announced the closing of its initial public offering at a public offering price of USD 22 per share. During the three and nine-month periods ended September 30, 2022, the Company recorded an unrealized loss of $2,252 and $13,004, respectively, and a life to date unrealized gain of $768 in connection with SGS.

Forbion Capital Partners

On July 24, 2018 REPL, an investment held within Forbion Capital Partners ("Forbion"), announced the closing of its initial public offering at a public offering price of USD 15 per share. During the three and nine-month periods ended in September 30, 2022 the Company recorded an unrealized loss of $644 and an unrealized loss of $6,992, respectively, and a life to date unrealized gain of $8,343 in connection with REPL.

RISK MANAGEMENT

Section 11

11.1 Currency Risk

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

Currency risks in net financial assets

Knight holds a significant portion of its net financial assets or liabilities in USD, EUR, BRL, CLP and ARS which results in financial risk due to fluctuations in the value of the currencies relative to the Canadian dollar. The Company has subsidiaries throughout LATAM whose functional currencies differ from the CAD. Knight does not believe that the foreign exchange impact in the consolidated statement of income represents its full currency exposure. The below analysis excludes intercompany balances but includes balances that get revaluated to CAD through other comprehensive income. Assuming all other variables remain constant, a 5% depreciation of CAD, would result in a change in the consolidated statement of (loss) income or statement of other comprehensive income as follows:

	$
Foreign Exchange Risk (5% change)	
USD	**5,717**
EUR	**1,191**
BRL	**(713)**
ARS	**32**
CLP	**163**
COP	**432**

11.2 Equity Price Risk

Equity price risk arises from changes in market prices of the equity and fund investments and derivatives. The carrying value of investments subject to equity price risk are $128,774 as at September 30, 2022 (December 31, 2021: $159,375). The Company monitors its equity investments for impairment on a periodic basis and at least every reporting period. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company's Board of Directors regularly reviews and approves equity investment decisions.

11.3 Interest Rate Risk

The Company is subject to interest rate risk on the interest income generated on its cash, cash equivalents and marketable securities. Details regarding maturity dates and effective interest rates are described in note 8 of the Annual Financial Statement. Assuming that all other variables remain constant, a 1% decline on the interest rate generated on cash, cash equivalents and marketable securities would have resulted in a reduction of interest income of $1,451 over a one-year period.

The Company is exposed to interest rate risks arising from its bank loans. Details regarding maturity dates and effective interest rates are described in Section 7. The loans have a variable interest rate that fluctuates with the CDI rates. The applicable CDI is the average of the CDI rates applicable during each interest period and therefore the accrued interest at year end with the loans are not exposed to any changes related to variation of the respective floating rates. Assuming that all other variables remain constant, a 1% increase in interest rates would have resulted in an increase of interest expense of $332 over a one-year period. From January 1, 2022 to November 9, 2022, the CDI rate in Brazil increased from 9.15% to 13.65% and the IBR has increased from 4.20% to 11.77%. As a result, the effective annual interest rate on the Itaú Unibanco and Bancolombia loans are expected to be higher in the following quarters.

11.4 Liquidity Risk

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

As at September 30, 2022, there were no restrictions on the flow of these funds nor have any of these funds been committed in any way, except as set out in note 20 of the Interim Financial Statements.

11.5 Credit Risk

The Company considers its maximum credit risk to be $248,583 (December 31, 2021: $243,678) which is the total of the following assets: trade receivable, other receivable, interest receivable, loans receivable and investment in funds.

The marketable securities and cash equivalent balances are subject to minimal risk of changes in value and are invested in institutions with a S&P or DBRS credit rating of A or R1(low) or better which are invested in the following:

- one Canadian financial institution
- one Canadian credit union

The Company is exposed to credit risk from its customers and continually monitors its customers' credit. Individual credit limits are established after an analysis of the client's credit history, credit ratings, and forward-looking information provided by internal and external sources. There is a credit policy in place to ensure that these limits are periodically reviewed and immediately adjusted if needed. Furthermore, the Company establishes the ECL based upon days past due and the likelihood of collection for each customer.

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

11.6 External Environment and Inflation Risk

The current global macroeconomic environment is characterized by elevated levels of inflation due to several external factors including global supply chain constrains, the global COVID-19 pandemic, conflict in Ukraine and volatile global financial and economic conditions. Knight continues to experience increased inflationary pressures, across all our geographies, on operating expenses including but not limited to compensation costs largely for unionized employees, 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 further negatively impact Knight's future operations, profitability and cash flows.

11.7 COVID-19 Risk

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

As with much of the pharmaceutical industry, the Company's revenues from newly launched products and resulting prescription growth has been adversely affected by COVID-19 in the past two years. However, in Q2-22 and Q3-22 we saw an increase in patient treatments as our markets reduce COVID-19 restrictions. The long-term effects, market dynamics, the scope or duration of the financial and other challenges arising from the COVID-19 pandemic cannot be predicted and it is possible that we will continue to see variable demand in future periods.

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

In the nine-month period ended September 30, 2022 Knight field teams across most of the countries, have increased field activities including in-person medical visits to physicians and increased volume of such activities is expected in the future. The Company, both in Canada and LATAM, has returned to the office on a country-by-country basis using a hybrid work model following the developed protocols to ensure compliance with local regulations, ensuring safety of employees, patients and healthcare professionals.

It is possible that the estimates used in the preparation of the Interim Financial Statements can change in the near term and may have a material impact. Potential impacts may include, but are not limited to, impairment of intangible assets, goodwill,

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

property plant and equipment, and financial assets, write-downs on inventory and a change in the expected credit loss on accounts receivable. The Company has sufficient liquidity to meet all operating requirements for the foreseeable future.

11.8 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.

11.9 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.

11.10 Risk Factors

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

ADDITIONAL INFORMATION

Section 12 – Selected Quarterly Financial Information

	Q3-22	**Q2-22**	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20
Revenues	**72,281**	75,820	63,807	58,273	73,340	65,796	46,069	55,191
Net income (loss)	**1,591**	2,516	(18,811)	(8,301)	(8,586)	29,004	3,558	8,233
Adjusted EBITDA	**9,009**	17,890	13,312	5,696	17,334	9,396	5,580	1,771
EPS								
Basic	**0.01**	0.02	(0.16)	(0.07)	(0.07)	0.23	0.03	0.06
Diluted	**0.01**	0.02	(0.16)	(0.07)	(0.07)	0.23	0.03	0.06
Cash, cash equivalents and marketable securities	**145,142**	136,235	156,396	149,502	156,029	166,121	382,381	392,225
Total assets	**1,035,343**	1,001,134	995,422	991,891	1,037,614	1,043,647	1,000,795	1,039,676
Total non-current liabilities	**41,295**	45,411	44,526	44,571	32,464	36,434	35,375	39,375

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

Section 13 – Outstanding Share Data

The table below summarizes the share data:

As at	November 9, 2022	September 30, 2022
Common Shares	113,121,464[2]	113,958,253[1]
Stock Options	4,873,546	4,873,546
RSUs	231,607	232,290
PSUs	474,284	474,967
DSUs	34,879	34,879
Warrants	174,228	174,228

[1] Excludes 122,200 shares purchased under NCIB but not yet canceled as of September 30, 2022. The treasury shares were cancelled subsequent to quarter end

[2] Excludes 173,200 shares purchased under NCIB but not yet canceled as of November 9, 2022

On July 12, 2021, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch for a NCIB ("2021 NCIB"). Under the terms of the 2021 NCIB, Knight may purchase for cancellation up to 10,267,956 common shares of the Company which represented 10% of its public float as at June 30, 2021. The 2021 NCIB commenced on July 14, 2021 and ended on July 13, 2022.

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

Launch Date	Status	Total Shares Approved for Buy-Back	Shares Purchased	Average Purchase Price ($)	Total Cash Consideration ($)
July 11, 2019	Completed	12,053,693	12,053,693	7.14	86,094
July 14, 2020	Completed	10,856,710	6,193,169	5.33	32,991
July 14, 2021	Completed	10,267,956	10,267,956	5.25	53,869
July 14, 2022	Active	7,988,986	1,688,500	5.46	9,213
Total		**41,167,345**	**30,203,318**	**6.03**	**182,167**

During the three and nine-month periods ended September 30, 2022, the Company purchased 800,700 and 3,995,689 (2021: 2,963,022 and 7,844,438) common shares at an average price of $5.57 and $5.35 (2021: $6.03 and $5.21) for aggregate cash consideration of $4,463 and $21,385 (2021: $17,864 and $40,907), of which $655 remains to be settled as at September 30, 2022. Subsequent to quarter-end up to November 9, 2022, the Company purchased an additional 887,800 common shares at an average purchase price of $5.35 for an aggregate cash consideration of $4,750.

Section 14 – Use of Proceeds from Financing

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

sciences companies in Canada and internationally as well as for investments in funds focused in the life sciences sector, and (iii) the remainder for general corporate purposes.

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

As at September 30, 2022, Knight had deployed and invested or committed to deploy and invest over $900,000 for the purposes disclosed in the prospectuses, as described above. Knight anticipates that it has sufficient funds available to achieve its business objectives and milestones as listed in the prospectuses.

Section 15 – Payment of Dividends

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

Section 16 – Product Pricing Regulation on Certain Drug Products

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

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

Section 17 – Financial Instruments

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

Section 18 – Off-balance Sheet Arrangements

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

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

Section 19 – Commitments

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

[i] Fund commitments

As at September 30, 2022, under the terms of Company's agreements with life sciences venture capital funds, $14,694 (December 31, 2021: $17,785), including $875 [US$639] and $934 [EUR 698] (December 31, 2021: $1,913 [US$1,509] and $3,113 [EUR 2,163]), may be called over the life of the funds (based on the closing foreign exchange rates).

As at November 9, 2022, $14,658 remains to be called by life science venture capital funds.

[ii] Milestones and purchase commitments

Under certain agreements, Knight may have to pay additional consideration should the Company achieve certain sales volumes or if certain milestones are met, such as regulatory approval in Canada or LATAM. The Company may have to pay up to $353,691 including $75,676 [US$55,210], $138,182 [CHF 98,800] and $1,329 [EUR 993] (December 31, 2021: up to $322,318, including $46,224 [US$36,460], $137,299 [CHF 98,800] and $792 [EUR 550]) upon achieving certain sales volumes, regulatory or other milestones related to specific products.

As at November 9, 2022, the Company may have to pay up to $349,546 upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, as at September 30, 2022, Knight has a commitment to purchase up to $11,332 [EUR 738, CHF 5,412, USD 2,000] (December 31, 2021: $11,118 [EUR 738, CHF 5,412 and USD 2,000]), of inventory for pharmaceutical products during the five-year period after their respective commercial launch. As at September 30, 2022, for products that are currently launched, the Company has committed to inventory purchases of $217,686 [BRL 442,060, USD 65,576 and CHF 11,127] (December 31, 2021: $278,793 [BRL 787,865, USD 63,961 and CHF 13,286]), which will be purchased over the next 8 years.

	$
2022	8,094
2023	54,087
2024	54,872
2025	52,509
2026	12,923
2027 and beyond	35,201
Total	**217,686**

As at November 9, 2022, Knight has a commitment to purchase up to $10,105 of inventory for pharmaceutical products during the five-year period after their respective commercial launch, and has commitment to purchase $213,512 for products that are currently launched.

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

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

Section 20 – Related Party Transaction

Pharmascience Inc., a company related to the Company's Executive Chairman of the Board of Directors, provided administrative services of approximately $10 and $24 (2021: $17 and $62) to the Company for the three and nine-month periods ended September 30, 2022.

Section 21 – Segment Reporting

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

Geographic Information

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Revenues				
Brazil	29,398	31,271	92,708	79,071
Colombia	11,643	13,967	34,612	33,464
Argentina	15,417	10,418	39,208	28,255
Rest of LATAM	10,994	12,042	28,937	29,463
Canada	2,697	2,023	7,338	5,313
Other[1]	2,132	3,619	9,105	9,639
Total	72,281	73,340	211,908	185,205

[1] Includes Europe, US and other countries

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

As at	**September 30, 2022**	December 31, 2021
	$	$
Canada	63,493	63,858
Brazil	57,623	53,753
Argentina	56,842	50,839
Colombia	21,438	22,812
Uruguay	212,123	182,917
Luxembourg	45,055	45,286
Rest of LATAM	81,097	81,954
Total	**537,671**	**501,419**

Section 22 – Significant Accounting Estimates and Assumptions

The preparation of the Company's interim condensed consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts or revenues and expenses during the reporting period. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ materially from those estimates. Our significant accounting estimates and assumptions are reported in note 3 of our 2021 Annual Financial Statements.

Recent Accounting Pronouncements

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

Section 23 – Disclosure Controls and Procedures

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

Section 24 – Internal Control Over Financial Reporting (ICFR)

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

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

During the quarter ended September 30, 2022, there was no significant changes in our internal control over financial reporting that materially affected or is reasonably likely to materially affect the Company's internal controls over financial reporting.