

Knight Therapeutics Reports Third Quarter 2022 Results

Record revenues and adjusted EBITDA for the first nine months of 2022

MONTREAL, CANADA (November 10, 2022) - Knight Therapeutics Inc. (TSX: GUD) ("Knight" or "the Company"), a leading pan-American (ex-US) specialty pharmaceutical company, today reported financial results for its third quarter ended September 30, 2022. All currency amounts are in thousands except for share and per share amounts. All currencies are Canadian unless otherwise specified.

Q3 2022 Highlights

Financials

- 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 EBITDA¹ 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 normal course issuer bid ("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 Events

- 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.

"I am excited to announce that for the nine months ended September 30, 2022, we reported record revenues of over \$210,000 which represents a growth of 14% over the same period last year and record adjusted EBITDA of over \$40,000 which represents a growth of 24% over the same period last year. This growth was generated by the full year effect of Exelon® and the continued growth performance of our recent launches. We continue to focus on our mission to bring innovative medicines and high-quality treatments to improve the health of patients in Latin America and Canada. During the past months, we have assumed the commercial activities of Exelon® in Brazil, Colombia, Argentina, Mexico, Chile, Peru and Canada as well as AKYNZEO® in Brazil and Argentina. Furthermore, we continue to advance on our pipeline with the submission of tafasitamab for regulatory approval in Brazil.", said Samira Sakhia, President and Chief Executive Officer of Knight Therapeutics Inc.

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

SELECT FINANCIAL RESULTS

[In thousands of Canadian dollars]

	Q3-22	Q3-21	Change		YTD-22	YTD-21	Change	
			\$ ¹	% ²			\$ ¹	% ²
Revenues	72,281	73,340	(1,059)	1%	211,908	185,205	26,703	14%
Gross margin	30,401	37,766	(7,365)	20%	101,173	87,217	13,956	16%
Gross margin %	42%	51%			48%	47%		
Operating expenses ⁴	42,415	33,745	(8,670)	26%	111,167	85,415	(25,752)	30%
Net income (loss)	1,591	(8,586)	10,177	119%	(14,704)	23,976	(38,680)	161%
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 are non-GAAP measures, refer to the definitions in section "Non-GAAP measures" for additional details

⁴ Operating expenses include selling and marketing expenses, general and administrative expenses, research and development expenses, amortization and impairment of intangible assets

SELECT BALANCE SHEET ITEMS

[In thousands of Canadian dollars]

	09-30-22	12-31-21	Change	
			\$	% ¹
Cash, cash equivalents and marketable securities	145,142	149,502	(4,360)	3%
Trade and other receivables	136,410	103,875	32,535	31%
Inventory	84,942	72,397	12,545	17%
Financial assets	166,911	192,443	(25,532)	13%
Accounts payable and accrued liabilities	91,134	65,590	25,544	39%
Bank loans	33,220	35,927	(2,707)	8%

¹ Percentage change is presented in absolute values

Revenues: For the quarter ended September 30, 2022, revenues, excluding the impact of IAS 29, was \$69,111 a decrease of \$2,502 or 3% compared to the same prior year period. The revenues by therapeutic areas are as follows:

Therapeutic Area	Excluding impact of IAS 29 ³			
	Q3-22	Q3-21	Change \$ ¹	% ²
Oncology/Hematology	26,271	23,049	3,222	14%
Infectious Diseases	27,243	30,931	(3,688)	12%
Other Specialty	15,597	17,633	(2,036)	12%
Total	69,111	71,613	(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.

The change in revenues by therapeutic areas 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.

Gross margin: For the quarter ended September 30, 2022, excluding the impact of IAS 29, gross margin is 49% compared to 54% in the same period in prior year. 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. In addition to the change in the accounting of Exelon® and product mix, the gross margin under IFRS was further impacted by a higher level of inflation in Argentina in the current quarter as compared to Q3-21. The inflation in Argentina has 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.

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.

Selling and marketing (“S&M”): For the quarter ended September 30, 2022, S&M expenses were \$13,456, an increase of \$3,466 or 35% compared to the same period in prior year. 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®.

General and administrative (“G&A”): For the quarter ended September 30, 2022, G&A expenses were \$10,416, an increase of \$1,653 or 19%, compared to the same period in prior year. Excluding the impact of IAS 29, the increase is \$1,007 or 12% mainly driven by an increase in compensation expense.

Research and development (“R&D”): For the quarter ended September 30, 2022, R&D expenses were \$4,220, an increase of \$427 or 11%, compared to the same period in prior year.

Amortization of intangible assets: 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.

Impairment of intangible assets: For the quarter ended September 30, 2022, the company recorded an impairment of intangible assets of \$2,080 related to the upfront and certain milestones payments made under certain product license agreements as a result of changes in commercial expectations.

Interest income: Interest income is the sum of interest income on financial instruments measured at amortized cost and other interest income. For the quarter ended September 30, 2022, interest income was \$2,462, an increase of 76% or \$1,060, compared to the same period in prior year due to higher interest rates on cash and marketable securities.

Interest expense: For the quarter ended September 30, 2022, interest expense was \$1,479, an increase of \$520 or 54%, compared to the same period in prior year due to higher interest rates offset by a lower average bank loan balance.

Adjusted EBITDA: For the quarter 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.

Net loss or income: For the quarter ended September 30, 2022, net income was \$1,591 compared to net loss of \$8,586 for the same period in prior year. The variance mainly resulted from the above-mentioned items and (1) a net loss on the revaluation of financial assets measured at fair value through profit or loss of \$5,446 versus a net loss of \$21,301 in the same period in prior year, mainly due to unrealized revaluations of the strategic fund investments, (2) a foreign exchange gain of \$10,787 mainly due to the unrealized gains on intercompany balances driven by the appreciation of the USD compared to a foreign exchange gain of \$7,143 in the same period in prior year mainly due to the appreciation of the USD and (3) a gain of \$6,030 as a result of execution of settlement agreement and general release with the former shareholders of GBT.

Cash, cash equivalents and marketable securities: As at September 30, 2022, Knight had \$145,142 in cash, cash equivalents and marketable securities, a decrease of \$4,360 or 3% as compared to December 31, 2021. The variance is primarily due to outflows related to due to upfront payments and certain milestones mainly related to in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel, shares repurchased through NCIB, principal repayments on bank loans partially offset by cash inflows from operating activities and foreign exchange gain on cash and cash equivalents.

Financial assets: As at September 30, 2022, financial assets were at \$166,911, a decrease of \$25,532 or 13%, as compared to the prior year, mainly due to negative mark-to-market adjustments of \$29,688 driven by the decline in the share prices of the publicly-traded equities of our strategic fund investments due to general market conditions and distributions of \$5,520, offset by capital calls of \$3,300, net loans issued of \$2,723 and foreign exchange gains of \$5,336. Given the nature of the fund investments there could be significant fluctuations in the fair value of the underlying assets.

Bank Loans: As at September 30, 2022, bank loans were at \$33,220, a decrease of \$2,707 or 8% as compared to the prior period, due to loan repayments of \$5,447, partially offset by the appreciation of BRL and accrued interest.

Product Updates

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.

On May 12, 2022, Knight entered into an exclusive license, distribution and supply agreement with Helsinn for AKYNZEO® oral/IV (netupitant/palonosetron / fosnetupitant/palonosetron) in Canada, Brazil and select LATAM countries and ALOXI® oral/IV (palonosetron) in Canada. Knight has assumed commercial activities and re-launched AKYNZEO® in Brazil and Argentina in July 2022 and expects to begin commercial activities in Canada in Q4-22 following the transition from Helsinn's current licensee.

Corporate Updates

NCIB

On July 12, 2022, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB (“2022 NCIB”). Under the terms of the 2022 NCIB, Knight may purchase for cancellation up to 7,988,986 common shares of the Company which represented 10% of its public float as at June 30, 2022. The 2022 NCIB commenced on July 14, 2022 and will end on the earlier of July 13, 2023 or when the Company completes its maximum purchases under the NCIB. Furthermore, Knight entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB. Under Knight’s automatic share purchase plan, the broker may purchase common shares which would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods.

For the three-month period ended September 30, 2022, the Company purchased 800,700 common shares at an average price of \$5.57 for an aggregate cash consideration of \$4,463, 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.

Settlement Agreement

Knight executed a settlement agreement and general release (“Settlement Agreement”) with the former shareholders of GBT. The Company made certain claims (“Claims”) with respect to its indemnification rights under the purchase agreement for the acquisition of GBT. Under the Settlement Agreement, Knight received \$6,030 (US\$4,600) as settlement for the Claims.

Financial Outlook Update

Knight provides guidance on revenues¹ on a non-GAAP basis. This is due to both the difficulty in predicting Argentinian inflation rates and its IAS 29 impact.

For fiscal 2022, Knight has updated its guidance and expects to generate \$265 to \$275 million in revenue, an increase of \$5 million on the lower and upper range. The guidance is based on a number of assumptions, including but not limited to the following:

- no revenues for business development transactions not completed as at November 9, 2022
- discontinuation of certain distribution agreements
- no interruptions in supply whether due to global supply chain disruptions or general manufacturing issues
- no new generic entrants on our key pharmaceutical brands
- no unforeseen changes to government mandated pricing regulations
- successful commercial execution on product listing arrangements with HMOs, insurers, key accounts, and public payers
- successful execution and uptake of newly launched products
- no significant restrictions or economic shut down due to the COVID-19 pandemic
- foreign currency exchange rates remaining within forecasted ranges

Should any of the assumptions differ, the financial outlook and the actual results may vary materially. Refer to the risks and assumptions referred to in the Forward-Looking Statements section of this news release for further details.

¹ Revenues excluding the impact of IAS 29 is a non-GAAP measure, refer to the definitions in section “Non-GAAP measures” for additional details

Conference Call Notice

Knight will host a conference call and audio webcast to discuss its third quarter ended September 30, 2022, today at 8:30 am ET. Knight cordially invites all interested parties to participate in this call.

Date: Thursday, November 10, 2022

Time: 8:30 a.m. ET

Telephone: Toll Free: 1-888-394-8218 or International 1-647-484-0475

Webcast: www.gud-knight.com or [Webcast](#)

This is a listen-only audio webcast. Media Player is required to listen to the broadcast.

Replay: An archived replay will be available for 30 days at www.gud-knight.com

About Knight Therapeutics Inc.

Knight Therapeutics Inc., headquartered in Montreal, Canada, is a specialty pharmaceutical company focused on acquiring or in-licensing and commercializing pharmaceutical products for Canada and Latin America. Knight's Latin American subsidiaries operate under United Medical, Biotoscana Farma and Laboratorio LKM. Knight Therapeutics Inc.'s shares trade on TSX under the symbol GUD. For more information about Knight Therapeutics Inc., please visit the company's web site at www.gud-knight.com or www.sedar.com.

Forward-Looking Statement

This document contains forward-looking statements for Knight Therapeutics Inc. and its subsidiaries. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Knight Therapeutics Inc. considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared but cautions the reader that these assumptions regarding future events, many of which are beyond the control of Knight Therapeutics Inc. and its subsidiaries, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations are discussed in Knight Therapeutics Inc.'s Annual Report and in Knight Therapeutics Inc.'s Annual Information Form for the year ended December 31, 2021 as filed on www.sedar.com. Knight Therapeutics Inc. disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information or future events, except as required by law.

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IMPACT OF HYPERINFLATION

[In thousands of Canadian dollars]

The Company applies IAS 29, Financial Reporting in Hyperinflation Economies, as the Company's Argentine subsidiaries used the Argentine Peso as their functional currency. IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be adjusted based on an appropriate general price index to express the effects of inflation. If the Company did not apply IAS 29, the effect on the Company's operating income would be as follows:

	Q3-22				YTD-22			
	Reported under IFRS	Excluding impact of IAS 29 ¹	Variance		Reported under IFRS	Excluding impact of IAS 29 ¹	Variance	
			\$ ²	% ³			\$ ²	% 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%
<i>Gross margin (%)</i>	<i>42%</i>	<i>49%</i>			<i>48%</i>	<i>52%</i>		
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 (IAS 29) is a non-GAAP measure. Refer to the definitions in 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

NON-GAAP MEASURES

[In thousands of Canadian dollars]

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/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 asset, 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.

Adjustments include the following:

- With the adoption of IFRS 16, the lease payments of Knight are not reflected in operating expenses. The IFRS 16 adjustment approximates the cash outflow related to leases of Knight.
- Acquisition costs relate to costs incurred on legal, consulting and advisory fees for the acquisition of GBT and the acquisition of products.
- Other non-recurring expenses relate to expenses incurred by Knight that are not due to, and are not expected to occur in, the ordinary course of business.

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

	Q3-22	Q3-21	Change		YTD-22	YTD-21	Change	
			\$ ¹	% ²			\$ 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 EBITDA³	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 are non-GAAP measures, refer to the definitions in section "Non-GAAP measures" for additional details

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	September 30, 2022	December 31, 2021
ASSETS		
Current		
Cash and cash equivalents	101,822	85,963
Marketable securities	43,320	63,539
Trade receivables	80,054	55,388
Other receivables	10,345	5,056
Inventories	84,942	72,397
Prepays and deposits	2,000	2,165
Other current financial assets	17,172	13,491
Income taxes receivable	3,193	6,970
Total current assets	342,848	304,969
Prepays and deposits	3,777	3,046
Right-of-use assets	5,647	4,671
Property, plant and equipment	29,927	25,265
Investment properties	—	1,457
Intangible assets	370,888	350,299
Goodwill	83,412	75,403
Other financial assets	149,739	178,952
Deferred income tax assets	1,308	2,048
Other long-term receivables	46,011	43,431
	690,709	684,572
Assets held for sale	1,786	2,350
Total assets	1,035,343	991,891

INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	September 30, 2022	December 31, 2021
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	90,865	65,309
Lease liabilities	2,293	1,614
Other liabilities	6,447	1,989
Bank loans	25,148	26,662
Income taxes payable	2,728	7,073
Other balances payable	12,051	2,655
Total current liabilities	139,532	105,302
Accounts payable and accrued liabilities	269	281
Lease liabilities	3,550	3,417
Bank loan	8,072	9,265
Other balances payable	24,321	19,235
Deferred income tax liabilities	5,083	12,373
Total liabilities	180,827	149,873
Shareholders' Equity		
Share capital	607,765	628,854
Warrants	117	117
Contributed surplus	23,196	21,776
Accumulated other comprehensive loss	46,529	(376)
Retained earnings	176,909	191,647
Total shareholders' equity	854,516	842,018
Total liabilities and shareholders' equity	1,035,343	991,891

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

[Unaudited]

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenues	72,281	73,340	211,908	185,205
Cost of goods sold	41,880	35,574	110,735	97,988
Gross margin	30,401	37,766	101,173	87,217
Expenses				
Selling and marketing	13,456	9,990	34,072	26,787
General and administrative	10,416	8,763	29,814	25,296
Research and development	4,220	3,793	10,615	9,196
Amortization of intangible assets	12,243	11,199	34,586	24,136
Impairment of intangible assets	2,080	—	2,080	—
Operating (loss) income	(12,014)	4,021	(9,994)	1,802
Interest income on financial instruments measured at amortized cost	(1,096)	(188)	(2,150)	(1,721)
Other interest income	(1,366)	(1,214)	(4,219)	(3,465)
Interest expense	1,479	959	4,307	2,287
Other (income) expense	(5,860)	286	(5,989)	193
Net loss (gain) on financial instruments measured at fair value through profit or loss	5,446	21,301	29,501	(16,644)
Foreign exchange (gain) loss	(10,787)	(7,143)	(9,105)	252
Gain on hyperinflation	(681)	(92)	(1,514)	(214)
Income (loss) before income taxes	851	(9,888)	(20,825)	21,114
Income tax				
Current	1,204	1,351	2,175	1,293
Deferred	(1,944)	(2,653)	(8,296)	(4,155)
Income tax recovery	(740)	(1,302)	(6,121)	(2,862)
Net income (loss) for the period	1,591	(8,586)	(14,704)	23,976
Basic net earnings (loss) per share	0.01	(0.07)	(0.13)	0.19
Diluted net earnings (loss) per share	0.01	(0.07)	(0.13)	0.19
Weighted average number of common shares outstanding				
Basic	114,466,484	123,059,239	115,569,933	125,946,921
Diluted	114,597,655	123,059,239	115,569,933	125,970,589

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of Canadian dollars]
[Unaudited]

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
OPERATING ACTIVITIES				
Net income (loss) for the period	1,591	(8,586)	(14,704)	23,976
Adjustments reconciling net income to operating cash flows:				
Depreciation and amortization	15,268	12,995	42,427	28,914
Net gain on financial instruments	5,446	21,301	29,501	(16,644)
Unrealized foreign exchange loss	(8,104)	(6,443)	(7,435)	(1,087)
Other operating activities	1,242	(1,366)	(1,931)	689
	15,443	17,901	47,858	35,848
Changes in non-cash working capital and other items	(4,114)	(7,580)	(12,129)	4,089
Cash inflow from operating activities	11,329	10,321	35,729	39,937
INVESTING ACTIVITIES				
Purchase of marketable securities	(21,412)	—	(80,647)	(47,895)
Proceeds on maturity of marketable securities	21,370	—	101,240	146,896
Investment in funds	(2,847)	(5,359)	(3,300)	(10,963)
Proceeds from distribution of funds	230	2,042	3,408	13,412
Purchase of intangible assets	(74)	(1,705)	(18,524)	(220,198)
Other investing activities	(563)	(688)	(232)	4,000
Cash inflow (outflow) from investing activities	(3,296)	(5,710)	1,945	(114,748)
FINANCING ACTIVITIES				
Repurchase of common shares through Normal Course Issuer Bid	(4,463)	(17,864)	(21,385)	(40,907)
Principal repayment on bank loans	(56)	—	(5,447)	(14,911)
Proceeds from bank loans	—	2,325	422	2,325
Other financing activities	(560)	(668)	(1,686)	(1,931)
Cash outflow from financing activities	(5,079)	(16,207)	(28,096)	(55,424)
Increase (decrease) in cash and cash equivalents during the period	2,954	(11,596)	9,578	(130,235)
Cash and cash equivalents, beginning of the period	93,119	102,582	85,963	229,592
Net foreign exchange difference	5,749	1,504	6,281	(6,867)
Cash and cash equivalents, end of the period	101,822	92,490	101,822	92,490
Cash and cash equivalents			101,822	92,490
Marketable securities			43,320	63,539
Total cash, cash equivalents and marketable securities			145,142	156,029