



Knight Therapeutics Reports Third Quarter 2023 Results

- Achieved Record Nine-month Revenues and Adjusted EBITDA

MONTREAL, Nov. 09, 2023 -- 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, 2023. All currency amounts are in thousands except for share and per share amounts. All currencies are Canadian unless otherwise specified.

Q3 2023 Highlights

Financial Results

- Revenues were \$81,500, an increase of \$9,219 or 13% over the same period in prior year.
- Gross margin of \$40,182 or 49% compared to \$30,401 or 42% in the same period in prior year.
- Adjusted EBITDA¹ was \$15,512, an increase of \$6,503 or 72% over the same period in prior year.
- Adjusted EBITDA per share¹ of \$0.15, an increase of \$0.07 or 87% over the same period in prior year.
- Net gain on financial assets measured at fair value through profit or loss of \$5,562.
- Net income was \$9,588, compared to \$1,591 in the same period in the prior year.
- Cash inflow from operations was \$15,166, an increase of \$3,374 or 29% over the same period in prior year.

Corporate Developments

- Launched a NCIB to purchase up to 5,999,524 common shares of the Company over the next 12 months.
- Purchased 2,158,091 common shares through Knight's NCIB at an average price of \$4.55 for aggregate cash consideration of \$9,833.

Products

- Submitted marketing authorization for Tavalisse[®] (fostamatinib) in Colombia and Mexico.
- Obtained regulatory approval for Minjuvi[®] (tafasitamab) in Brazil.
- In-licensed a branded generic molecule in Oncology/Hematology for Brazil.

Subsequent to quarter-end

- Obtained CMED pricing approval for Minjuvi[®] in Brazil.
- Submitted marketing authorization for Pemazyre[®] (pemigatinib) in Brazil.

"I am excited to announce that for the nine months ended September 30, 2023, we reported record revenues and record adjusted EBITDA of over \$254,000 and over \$48,000, respectively, which represents a growth of 20% and 19%, respectively, over the same period last year, putting us on track to deliver record 2023 results. In addition, we advanced our product pipeline with the Brazilian pricing approval for Minjuvi[®] which we expect to launch in the second quarter of 2024. We continue to execute on our mission to build a leading Pan-American ex US specialty pharmaceutical company by bringing innovative and branded generic products to our markets," said Samira Sakhia, President and Chief Executive Officer of Knight Therapeutics Inc.

¹ Adjusted EBITDA and Adjusted EBITDA per share are non-GAAP measures. Refer to section "Non-GAAP measures" and "Reconciliation to adjusted EBITDA" for additional details.

SELECT FINANCIAL RESULTS REPORTED UNDER IFRS

[In thousands of Canadian dollars]

	Q3-23	Q3-22	Change		YTD-23	YTD-22	Change	
			\$ ¹	% ²			\$ ¹	% ²
Revenues	81,500	72,281	9,219	13%	254,002	211,908	42,094	20%
Gross margin	40,182	30,401	9,781	32%	118,437	101,173	17,264	17%
Gross margin %	49%	42%			47%	48%		
Operating expenses ⁴	39,252	42,415	3,163	7%	111,984	111,167	(817)	1%
Net income (loss)	9,588	1,591	7,997	503%	7,491	(14,704)	22,195	151%
EBITDA ³	15,512	9,009	6,503	72%	48,018	40,211	7,807	19%

Adjusted EBITDA ³	15,512	9,009	6,503	72%	48,018	40,211	7,807	19%
Adjusted EBITDA per share ³	0.15	0.08	0.07	87%	0.46	0.35	0.11	30%

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, adjusted EBITDA and adjusted EBITDA per share are non-GAAP measures. Refer to section "Non-GAAP measures" for additional details

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

SELECT FINANCIAL RESULTS AT CONSTANT CURRENCY

[In thousands of Canadian dollars]

	Q3-23	Q3-22	Variance		YTD-23	YTD-22	Variance	
	Excluding impact of IAS 29 ¹							
	Constant Currency ¹		\$ ²	% ³		Constant Currency ¹	\$ ²	% ³
Revenues	81,669	73,358	8,311	11%	254,736	216,461	38,275	18%
Gross margin	42,121	35,846	6,275	18%	123,751	113,345	10,406	9%
Gross margin %	52%	49%			49%	52%		
Operating expenses ⁴	39,072	40,243	1,171	3%	111,884	108,047	(3,837)	4%
EBITDA ¹	15,512	9,925	5,587	56%	48,018	43,197	4,821	11%
Adjusted EBITDA ¹	15,512	9,925	5,587	56%	48,018	43,197	4,821	11%
Adjusted EBITDA per share ¹	0.15	0.09	0.06	70%	0.46	0.38	0.08	21%

¹ Financial results at constant currency, excluding the impact of hyperinflation, EBITDA, adjusted EBITDA and adjusted EBITDA per share are non-GAAP measures. Refer to section "Non-GAAP measures" and "Reconciliation to adjusted EBITDA" for additional details.

² A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).

³ Percentage change is presented in absolute values.

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

SELECT BALANCE SHEET ITEMS

[In thousands of Canadian dollars]

	09-30-23	12-31-22	Change	
			\$	% ¹
Cash, cash equivalents and marketable securities	153,815	172,674	(18,859)	11%
Trade and other receivables	144,841	151,669	(6,828)	5%
Inventory	112,447	92,489	19,958	22%
Financial assets	158,470	176,563	(18,093)	10%
Accounts payable and accrued liabilities	83,002	108,730	(25,728)	24%
Bank loans	75,364	70,072	5,292	8%

¹ Percentage change is presented in absolute values

Revenues: For the quarter ended September 30, 2023, excluding the impact of hyperinflation, revenues increased by \$12,558 or 18% compared to the same period in prior year. The appreciation of select LATAM currencies led to an increase in revenues of \$4,248 in Q3-23 compared to Q3-22. The revenues by therapeutic areas are as follows:

Excluding impact of IAS 29³

Therapeutic Area	Q3-23	Q3-22	Change	
			\$ ¹	% ²
Oncology/Hematology	31,336	26,271	5,065	19%
Infectious Diseases	29,195	27,244	1,951	7%
Other Specialty	21,138	15,596	5,542	36%
Total	81,669	69,111	12,558	18%

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

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

- **Oncology/Hematology:** The oncology/hematology portfolio grew by approximately \$7,300 primarily due to continued growth of key promoted products including Lenvima[®], Trelstar[®], Palbocil[®] launched in Argentina in Q1-23 and the assumption of commercial activities of Akynzeo[®] in Brazil, Argentina and Canada in 2022. The increase is offset by a reduction of approximately \$2,200 in revenues of our mature and branded generics products due to their lifecycle including the entrance of new competitors.
- **Infectious Diseases:** The increase is driven by our key promoted products, including Cresemba[®], as well as higher demand of Impavido[®], offset by the purchasing patterns for certain products. Furthermore, Knight received an order for Ambisome[®] for \$4,875 from MOH, which is expected to be delivered in Q4-23 ("Q4-23 MOH Order").
- **Other Specialty:** The increase in the other specialty portfolio is primarily driven by the transition of commercial operations of Exelon[®] from Novartis to Knight. The revenues of Exelon[®] increased by approximately \$5,700 in Q3-23 versus Q3-22. In Q3-22, Knight recorded lower revenues of Exelon[®] due to advance purchases of \$3,000 in Brazil and Colombia in Q2-22, in connection with the transition of commercial activities. The remainder of the variance is explained by the change in accounting treatment from net profit transfer to revenues with related costs of sales upon the transition as well as timing of purchases from certain customers.

Gross margin: For the quarter ended September 30, 2023, gross margin, as a percentage of revenues, was 49% compared to 42% in Q3-22. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 52% in Q3-23 and 49% in Q3-22. The increase is driven by the change in product mix.

Selling and marketing ("S&M"): For the quarter ended September 30, 2023, S&M expenses were \$11,924, a decrease of \$1,532 or 11%, compared to the same period in prior year. Excluding the impact of IAS 29, the decrease is \$634 or 5%. There is no significant variance in S&M expenses.

General and administrative ("G&A"): For the quarter ended September 30, 2023, G&A expenses were \$11,080, an increase of \$664 or 6%, compared to the same period in prior year. Excluding the impact of IAS 29, the increase is \$1,902 or 21%, mainly due to an increase in our compensation costs related to Knight's long term incentive plan as well as higher spending on professional and consulting fees.

Research and development ("R&D"): For the quarter ended September 30, 2023, R&D expenses were \$4,768, an increase of \$548 or 13%, compared to the same period in prior year. Excluding the impact of IAS 29, the increase is \$968 or 26%. The increase is driven by an expansion in our product development and medical initiatives.

Amortization of intangible assets: For the quarter ended September 30, 2023, amortization of intangible assets was \$11,480, a decrease of \$763 or 6% compared to the same period in prior year. There is no significant variance.

Impairment of intangible assets: For the quarter ended September 30, 2023, impairment of intangible assets was nil, compared to an impairment of \$2,080 recognized in Q3-22 which represents the write-down of 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, 2023, interest income was \$3,055, an increase of \$593 or 24%, compared to the same period in prior year. The increase is driven by higher interest rates on cash and marketable securities.

Interest expense: For the quarter ended September 30, 2023, interest expenses were \$2,603, an increase of \$1,124 or 76%, compared to the same period in prior year. The increase is driven by the higher average loan balance resulting from IFC loan which closed in December 2022 and higher variable interest rates, partially offset by principal repayments of Itaú Unibanco Brasil and Bancolumbia bank loans.

Adjusted EBITDA: For the quarter ended September 30, 2023, adjusted EBITDA increased by \$6,503 or 72%, driven by an increase in gross margin (excluding impact of IAS 29) of \$8,324, offset by an increase in operating expenses.

Net income: For the quarter ended September 30, 2023, net income was \$9,588 compared to net income of \$1,591 for the same period in prior year. The variance mainly resulted from the above-mentioned items and (1) a net gain on the revaluation of financial assets measured at fair value through profit or loss of \$5,562 versus a net loss of \$5,446 in the same period in prior year mainly driven by realized and unrealized gains and losses in the fair value of financial assets, (2) a foreign exchange loss of \$1,317 in Q3-23 mainly driven by unrealized losses due to the appreciation of select LATAM currencies versus a foreign exchange gain of \$10,787 in Q3-22 mainly driven by unrealized gains due to the appreciation of the USD and (3) other income of \$1,907 in Q3-23 relating to certain fees recognized on strategic loans, as well as a gain on a disposal of a property in Colombia compared to an income of \$5,860 in Q3-22 mainly relating to the gain recognized upon execution of a settlement agreement and general release with the former shareholders of GBT.

Cash, cash equivalents and marketable securities: As at September 30, 2023, Knight had \$153,815 in cash, cash equivalents and marketable securities, a decrease of \$18,859 or 11% as compared to December 31, 2022. The variance is primarily due to cash outflows for certain regulatory and sales milestones on certain products, including Akynzeo[®] and Aloxi[®] from Helsinn, shares repurchased through NCIB and repayment of bank loans, partially offset by cash inflows from operating activities, principal loan repayments from Moksha8, proceeds from the disposal of Medimetrics and net proceeds from marketable securities and bank loans.

Financial assets: As at September 30, 2023, financial assets were at \$158,470, a decrease of \$18,093 or 10%, as compared to December 31, 2022, driven mainly by a decrease of \$18,170 due to negative mark-to-market adjustments from the decline in share prices of publicly-traded equities held by our strategic fund investments, strategic loan repayments of \$12,454 from Moksha8, offset by the increase in the fair value of equity investments and derivatives of \$12,520. 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, 2023, bank loans were at \$75,364, an increase of \$5,292 or 8% as compared to December 31, 2022.

Product Updates

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

Minjuvi[®]: Knight received regulatory approval in Brazil for Minjuvi[®], in combination with lenalidomide followed by tafasitamab monotherapy, for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL), including DLBCL due to low-grade lymphoma, who are not eligible for autologous stem cell transplantation (ASCT). Subsequent to the quarter, the Company received pricing approval for Minjuvi[®] (tafasitamab) from the Drugs Market Regulation Chamber ("CMED"). As a result, Knight expects to launch Minjuvi[®] in Brazil in the second quarter of 2024.

Pemigatinib: Subsequent to the quarter, Knight submitted a marketing authorization application for pemigatinib to ANVISA, the Brazilian health regulatory agency, under the rare diseases approval pathway, for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement that have progressed after at least one prior line of systemic therapy.

Corporate Updates

Normal Course Issuer Bid

During the three month period ended September 30, 2023, the Company purchased 2,158,091 common shares at an average price of \$4.55 for aggregate cash consideration of \$9,833 of which \$211 remains to be settled as at September 30, 2023. Subsequent to quarter-end up to October 31, 2023, the Company purchased an additional 676,775 common shares at an average purchase price of \$4.53 for an aggregate cash consideration of \$3,069.

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 2023, Knight has updated its financial guidance on revenues and expects to generate between \$325 million to \$335 million in revenues an increase of \$15 million on the lower end and \$5 million on the upper end of the range. The adjusted EBITDA is expected to be approximately 18% of revenues. The increase in the financial outlook is primarily due to the Q4-23 MOH Order, as well as improvement in forecasted LATAM currencies against the Canadian dollar. 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, 2023
- 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 global pandemics
- 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, 2023, today at 8:30 am ET. Knight cordially invites all interested parties to participate in this call.

Date: Thursday, November 9, 2023

Time: 8:30 a.m. ET

Telephone: Toll Free: 1-888-664-6383 or International 1-416-764-8650

Webcast: www.knighttx.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.knighttx.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.knighttx.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, 2022 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:

	Reported	Excluding	Variance		Reported	Excluding	Variance	
	under IFRS	impact of IAS 29 ¹	\$ ²	% ³	under IFRS	impact of IAS 29 ¹	\$ ²	% ³
Revenues	81,500	81,669	(169)	—	254,002	254,736	(734)	—
Cost of goods sold	41,318	39,548	(1,770)	4%	135,565	130,985	(4,580)	3%
Gross margin	40,182	42,121	(1,939)	5%	118,437	123,751	(5,314)	4%
<i>Gross margin (%)</i>	<i>49%</i>	<i>52%</i>			<i>47%</i>	<i>49%</i>		
Expenses								
Selling and marketing	11,924	11,937	13	—	35,463	35,635	172	—
General and administrative	11,080	11,009	(71)	1%	29,305	29,084	(221)	1%
Research and development	4,768	4,651	(117)	3%	13,291	13,376	85	1%
Amortization of intangible assets	11,480	11,475	(5)	—	33,925	33,789	(136)	—
Operating income	930	3,049	(2,119)	69%	6,453	11,867	(5,414)	46%

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

² A positive variance represents a positive impact on net income (loss) due to the application of IAS 29 and a negative variance represents a negative impact on net income (loss) due to the application of IAS 29.

³ Percentage change is presented in absolute values.

NON-GAAP MEASURES

[In thousands of Canadian dollars]

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

The Company uses the following non-GAAP measures:

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

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

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

Adjusted Gross Margin: Adjusted gross margin excludes the impact of IAS 29 and is adjusted to consider revenues and related cost of sales for Exelon[®] separately, rather than presenting as net profit transfer.

EBITDA: Operating income or loss adjusted to exclude amortization and impairment of intangible assets, depreciation, purchase price allocation accounting adjustments, and the impact of IAS 29 (accounting under hyperinflation) but to include costs related to leases.

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

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

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 acquisitions.

- 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 period ended September 30, 2023, the Company calculated EBITDA and adjusted EBITDA as follows:

	Q3-23	Q3-22	Change		YTD-23	YTD-22	Change	
			\$ ¹	% ²			\$ ¹	% ²
Operating income (loss)	930	(12,014)	12,944	108%	6,453	(9,994)	16,447	165%
Adjustments to operating income (loss):								
Amortization of intangible assets	11,480	12,243	(763)	6%	33,925	34,586	(661)	2%
Impairment of intangible assets	—	2,080	(2,080)	100%	—	2,080	(2,080)	100%
Depreciation of property, plant and equipment and ROU assets	2,218	3,025	(807)	27%	5,014	7,841	(2,827)	36%
Lease costs (IFRS 16 adjustment)	(779)	(625)	(154)	25%	(2,146)	(1,914)	(232)	12%
Impact of IAS 29	1,663	4,300	(2,637)	61%	4,772	7,612	(2,840)	37%
EBITDA³	15,512	9,009	6,503	72%	48,018	40,211	7,807	19%
Adjusted EBITDA³	15,512	9,009	6,503	72%	48,018	40,211	7,807	19%

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.

The Company calculated adjusted EBITDA per share as follows:

	Q3-23	Q3-22	YTD-23	YTD-22
Adjusted EBITDA¹	15,512	9,009	48,018	40,211
Adjusted EBITDA per share ¹	0.15	0.08	0.46	0.35
Number of common shares outstanding at period end (in thousands)	105,045	113,958	105,045	113,958

¹ Adjusted EBITDA and adjusted EBITDA per share 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	09-30-2023	12-31-2022
ASSETS		
Current		
Cash and cash equivalents	77,418	71,679
Marketable securities	65,040	85,826
Trade receivables	82,222	94,890
Other receivables	17,788	12,930
Inventories	112,447	92,489
Prepays and deposits	2,567	1,704
Other current financial assets	40,487	33,716
Income taxes receivable	3,327	2,385
Total current assets	401,296	395,619
Marketable securities	11,357	15,169
Prepays and deposits	1,069	4,355
Right-of-use assets	5,650	5,827
Property, plant and equipment	14,805	16,806
Intangible assets	311,201	338,780

Goodwill	85,883	82,274
Other financial assets	117,983	142,847
Deferred income tax assets	17,074	9,310
Other long-term receivables	44,831	43,849
	609,853	659,217
Total assets	1,011,149	1,054,836

INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	09-30-2023	12-31-2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	82,782	106,061
Lease liabilities	1,840	2,578
Other liabilities	1,515	5,793
Bank loans	25,684	17,674
Income taxes payable	1,882	2,274
Other balances payable	1,374	6,941
Total current liabilities	115,077	141,321
Accounts payable and accrued liabilities	220	2,669
Lease liabilities	4,813	5,050
Bank loans	49,680	52,398
Other balances payable	21,721	23,176
Deferred income tax liabilities	4,973	4,365
Total liabilities	196,484	228,979
Shareholders' equity		
Share capital	560,500	599,055
Warrants	117	117
Contributed surplus	25,624	23,664
Accumulated other comprehensive income	54,689	41,266
Retained earnings	173,735	161,755
Total shareholders' equity	814,665	825,857
Total liabilities and shareholders' equity	1,011,149	1,054,836

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,	
	2023	2022	2023	2022
Revenues	81,500	72,281	254,002	211,908
Cost of goods sold	41,318	41,880	135,565	110,735
Gross margin	40,182	30,401	118,437	101,173
Expenses				
Selling and marketing	11,924	13,456	35,463	34,072
General and administrative	11,080	10,416	29,305	29,814
Research and development	4,768	4,220	13,291	10,615
Amortization of intangible assets	11,480	12,243	33,925	34,586
Impairment of intangible assets	—	2,080	—	2,080
Operating income (loss)	930	(12,014)	6,453	(9,994)

Interest income on financial instruments measured at amortized cost	(2,024)	(1,096)	(6,218)	(2,150)
Other interest income	(1,031)	(1,366)	(3,276)	(4,219)
Interest expense	2,603	1,479	8,398	4,307
Other income	(1,907)	(5,860)	(2,123)	(5,989)
Net (gain) loss on financial instruments measured at fair value through profit or loss	(5,562)	5,446	2,346	29,501
Foreign exchange (gain) loss	1,317	(10,787)	6,162	(9,105)
Gain on hyperinflation	(1,364)	(681)	(3,000)	(1,514)
Income (loss) before income taxes	8,898	851	4,164	(20,825)
Income tax				
Current	1,112	1,204	3,251	2,175
Deferred	(1,802)	(1,944)	(6,578)	(8,296)
Income tax recovery	(690)	(740)	(3,327)	(6,121)
Net income (loss) for the period	9,588	1,591	7,491	(14,704)
Basic and diluted net income (loss) per share	0.09	0.01	0.07	(0.13)
Weighted average number of common shares outstanding				
Basic	106,250,793	114,466,484	108,728,924	115,569,933
Diluted	106,511,761	114,597,655	108,958,045	115,569,933

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
OPERATING ACTIVITIES				
Net income (loss) for the period	9,588	1,591	7,491	(14,704)
Adjustments reconciling net income to operating cash flows:				
Depreciation and amortization	13,698	15,268	38,939	42,427
Impairment of intangible assets	—	2,080	—	2,080
Net loss (gain) on financial instruments	(5,562)	5,446	2,346	29,501
Unrealized foreign exchange (gain) loss	3,619	(8,104)	1,557	(7,435)
Other operating activities	1,058	(1,955)	966	(5,058)
	22,401	14,326	51,299	46,811
Changes in non-cash working capital and other items	(7,235)	(2,534)	(33,303)	(8,449)
Cash inflow from operating activities	15,166	11,792	17,996	38,362
INVESTING ACTIVITIES				
Purchase of marketable securities	(52,118)	(21,412)	(237,668)	(80,647)
Proceeds on maturity of marketable securities	81,204	21,370	262,372	101,240
Investment in funds	(1,006)	(2,847)	(1,176)	(3,300)
Purchase of intangible assets	(60)	(74)	(7,727)	(18,524)
Other investing activities	7,736	(333)	15,441	3,176
Cash inflow (outflow) from investing activities	35,756	(3,296)	31,242	1,945
FINANCING ACTIVITIES				
Repurchase of common shares through Normal Course Issuer Bid	(9,833)	(4,463)	(34,396)	(21,385)
Principal repayment of bank loans	(2,571)	(56)	(8,580)	(5,447)
Proceeds from bank loans	2,706	—	4,796	422
Other financing activities	(1,541)	(1,070)	(7,124)	(4,319)
Cash outflow from financing activities	(11,239)	(5,589)	(45,304)	(30,729)
Increase (decrease) in cash and cash equivalents during the period	39,683	2,907	3,934	9,578

Cash and cash equivalents, beginning of the period	37,844	93,119	71,679	85,963
Net foreign exchange difference	(109)	5,796	1,805	6,281
Cash and cash equivalents, end of the period	77,418	101,822	77,418	101,822
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Cash and cash equivalents			77,418	101,822
Marketable securities			76,397	43,320
Total cash, cash equivalents and marketable securities			153,815	145,142