Knight Therapeutics Reports Fourth Quarter and Year-End 2022 Results

Achieves Record Annual Revenues and EBITDA

MONTREAL, March 23, 2023 (GLOBE NEWSWIRE) -- Knight Therapeutics Inc. (TSX: GUD) ("Knight" or "the Company"), a leading Pan-American (ex-US) specialty pharmaceutical company, today reported financial results for its fourth quarter and year ended December 31, 2022. All currency amounts are in thousands except for share and per share amounts. All currencies are Canadian unless otherwise specified.

Financial information as at and for the year ended December 31, 2022 is unaudited.

2022 Highlights

Financials

- Revenues were $293,563, an increase of $50,085 or 21% over prior year.
- Gross margin of $138,061 or 47% of revenues compared to $115,412 or 47% of revenues in prior year.
- Adjusted EBITDA[1] was $54,032, an increase of $16,027 or 42% over prior year.
- Net loss on financial assets measured at fair value through profit or loss of $20,677.
- Net loss was $29,892, compared to net income of $15,675 in prior year.
- Cash inflow from operations was $40,481, compared to a cash inflow from operations of $44,618 in prior year.

Corporate Developments

- Entered into a five-year secured loan of $52,416 (US$38,500) loan denominated in select LATAM currencies with International Finance Corporation ("IFC").
- 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 5,649,189 common shares through Knight's through Normal Course Issuer Bid ("NCIB") at an average price of $5.34 for an aggregate cash consideration of $30,069.
- Shareholders re-elected Jonathan Ross Goodman, Samira Sakhia, James C. Gale, Robert N. Lande, Michael J. Tremblay, Nicolás Sujoy and Janice Murray on the Board of Directors.
- Hired Leopoldo Bosano as VP Manufacturing and Operations.

Products

- Launched Lenvima®, Halaven® and Rembre® in Colombia in Q1-22.
- Entered into exclusive license and supply agreements with Rigel Pharmaceuticals to commercialize fostamatinib in LATAM in May 2022.
- 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 in May 2022.
- Relaunched AKYNZEO® in Canada, Brazil and Argentina, and ALOXI® oral/IV in Canada in second half of 2022.
- Transferred marketing authorization of Exelon® (rivastigmine) and assumed commercial activities in Brazil, Colombia, Argentina, Mexico, Chile, Peru, Ecuador, Canada and re-launched Exelon® in Brazil and certain other LATAM countries.
- 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 and Colombia in Q4-22 and Argentina in Q1-23.
- In-license three branded generics products for key territories in LATAM.
- Obtained regulatory approval for Palbocil® (palbociclib) in Argentina in Q4-22.
- Submitted two branded generic products (palbociclib and pomalidomide) for regulatory approval in Chile and Colombia in Q4-2022.

Subsequent Event

- Purchased an additional 1,279,900 common shares through NCIB for an aggregate cash consideration of $6,577.

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[1] *Adjusted EBITDA is a non-GAPP measure, refer to the definitions below in section "Non-Gaap measures" for additional details*

"I am excited to announce that we delivered another record year in 2022, with revenues of over $290,000, an increase of 21% over last year and record adjusted EBITDA of over $54,000, an increase of 42% over last year. This growth was generated by the full year effect of Exelon® and the continued performance of our recent launches, including Lenvima®, Halaven® and Rembre® in Colombia. While delivering on record results, we have completed the transfer of the commercial activities to Knight for Exelon® and Akynzeo® in our key markets. We continued to advance our pipeline with the regulatory submission of tafasitamab in Brazil, Colombia and Argentina as well as two branded generic products in Chile and Colombia. In addition, to the in-licensing of Akynzeo®, we have expanded our pipeline portfolio in our key Latin America markets with fostamatinib and three branded generic products," said Samira Sakhia, President and Chief Executive Officer of Knight Therapeutics Inc.

SELECT FINANCIAL RESULTS REPORTED UNDER IFRS
[In thousands of Canadian dollars]

[Unaudited]

	Q4-22	Q4-21	Change $[1]	%[2]	YTD-22	YTD-21	Change $[1]	%[2]
Revenues	81,655	58,273	23,382	40%	293,563	243,478	50,085	21%
Gross margin	36,888	28,195	8,693	31%	138,061	115,412	22,649	20%
Operating expenses[4]	67,938	42,829	(25,109)	59%	179,105	128,244	(50,861)	40%
Net (loss) income	(15,188)	(8,301)	(6,887)	83%	(29,892)	15,675	N/A	N/A
EBITDA[3]	13,330	4,101	9,229	225%	53,541	35,865	17,676	49%
Adjusted EBITDA[3]	13,821	5,696	8,125	143%	54,032	38,005	16,027	42%

[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 non current assets*

SELECT FINANCIAL RESULTS AT CONSTANT CURRENCY
[In thousands of Canadian dollars]

[Unaudited]

	Q4-22	Q4-21	Variance		YTD-22	YTD-21	Variance	
	Excluding impact of IAS 29[3]							
		Constant Currency[3]	$[1]	%[2]		*Constant Currency[3]*	$[1]	%[2]
Revenues	83,806	58,370	25,436	44%	291,770	243,731	48,039	20%
Gross margin	41,931	29,692	12,239	41%	150,359	120,694	29,665	25%
Operating expenses[4]	46,173	42,509	(3,664)	9%	151,158	124,865	(26,293)	21%
EBITDA[3]	13,330	4,258	9,072	213%	53,541	36,376	17,165	47%
Adjusted EBITDA[3]	13,821	5,884	7,937	135%	54,032	38,551	15,481	40%

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

[2] Percentage change is presented in absolute values

[3] Financial results at constant currency and excluding impact of IAS 29, EBITDA and adjusted EBITDA are non GAAP measures, refer to the specific sections for additional details

[4] Operating expenses include selling and marketing expenses, general and administrative expenses, research and development expenses, amortization and impairment of non-current assets

SELECT BALANCE SHEET ITEMS
[In thousands of Canadian dollars]

[Unaudited]

			Change	
	12-31-22	12-31-21	$	%[1]
Cash, cash equivalents and marketable securities	172,674	149,502	23,172	15%
Trade and other receivables	151,669	103,875	47,794	46%
Inventory	92,489	72,397	20,092	28%
Financial assets	176,563	192,443	(15,880)	8%
Accounts payable and accrued liabilities	108,730	65,590	43,140	66%
Bank loans	70,072	35,927	34,145	95%

[1] Percentage change is presented in absolute values

Revenues: For the quarter ended December 31, 2022, excluding the impact of hyperinflation, revenues increased by $27,448 or 49% compared to the same period in prior year. The increase in revenues excluding the impact of hyperinflation is explained by the following:

	Excluding impact of IAS 29[3]			
	Q4-22	Q4-21	Change	
Therapeutic Area	$	$	$[1]	%[2]
Oncology/Hematology	29,343	23,534	5,809	25%
Infectious Diseases	32,744	20,211	12,533	62%
Other Specialty	21,760	12,613	9,147	73%
Total	83,806	56,358	27,448	49%

[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.

- Oncology/hematology: The increase in revenues of $5,809 is driven by growth in our key promoted brands, including new launches of Lenvima® and Halaven® in Colombia in Q1-22, the growth of key promoted products including Lenvima® and Trelstar® and the assumption of commercial activities of Akynzeo® in Brazil and Canada. This increase is offset by a reduction in revenues of our branded generics products due to their lifecycle including the market entrance of new competitors.
- Infectious disease: The portfolio grew by approximately $15,900, excluding the impact of the planned transition and termination of the Gilead Amendment. This growth is due to an increase in patient treatments as our markets reduce COVID-19 restrictions, growth of our key promoted products and a one-time sales contract with the Ministry of Health in Brazil for Ambisome® ("MOH Contract"). Knight recorded $7,500 in revenues, which represents 40% of the expected deliveries under the MOH contract in Q4-22 and the balance of the contract is expected to be delivered in the first six months of 2023
- Other specialty: The growth is mainly due to the incremental revenue of $5,092 due to the change in accounting treatment of Exelon® from net profit transfer from Novartis to revenues with related cost of sales upon the transition of commercial activities to Knight as well as the timing of purchases of products by certain customers.

For the year ended December 31, 2022, excluding the impact of hyperinflation, revenues increased by $52,532 or 22% compared to the same period in prior year. The growth in revenues excluding the impact of hyperinflation is explained by the following:

	Excluding impact of IAS 29[3]			
	YTD-22	YTD-21	Change	
Therapeutic Area	$	$	$[1]	%[2]
Oncology/Hematology	105,464	89,079	16,385	18%
Infectious Diseases	116,530	101,650	14,880	15%
Other Specialty	69,776	48,509	21,267	44%
Total	291,770	239,238	52,532	22%

[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

- Oncology/hematology: The increase in revenues of $15,960 is driven by growth in our key promoted brands, including the launches of Lenvima® and Halaven® in Colombia in Q1-22, the continued growth of key promoted products including Lenvima®, Halaven® and Trelstar® and the assumption of commercial activities of Akynzeo® in Brazil and Canada. This increase is offset by a reduction in revenues of our branded generics products due to their lifecycle including the market entrance of new competitors.
- Infectious disease: The portfolio grew by approximately $29,080 due to increase in patient treatments as our markets reduce COVID-19 restrictions, growth of our key promoted products and a one-time sales contract with the Ministry of Health in Brazil for Ambisome® ("MOH Contract"). Knight recorded $7,500 in revenues, which represents 40% of the expected deliveries under the MOH contract in Q4-22 and the balance of the contract is expected to be delivered in the first six months of 2023. The growth is offset by an estimated $14,200 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 of the Gilead Amendment effective July 1, 2022.
- Other specialty: The increase is mainly driven by the timing of the acquisition of Exelon® as well as a change in the accounting treatment of Exelon®. The full year effect of the Exelon® transaction executed on May 26, 2021, represents an incremental revenue of $15,282. The change in accounting treatment from net profit transfer from Novartis to recognition of revenues with related cost of sales upon transition of commercial activities to Knight led to an increase of $6,427 in revenues.

Gross margin: For the quarter ended December 31, 2022, gross margin as a percentage of revenues was 45% compared to 48% in the same prior year period. The decrease in the gross margin, as a percentage of revenues, is explained by the impact of hyperinflation. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 50% in Q4-22 and 51% in Q4-21.

For the year ended December 31, 2022, there was no significant difference in gross margin, as a percentage of revenues, compared to the same prior year period. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 52% for year ended December 31, 2022 compared to 50% in prior year. The increase in the gross margin is explained by the change in product mix including the full year effect of the acquisition of Exelon®.

Selling and marketing: For the quarter ended December 31, 2022, S&M increased by $2,111 or 17%. Excluding the impact of IAS 29, the increase was $3,162 or 27% driven by an increase in compensation expenses including severance cost of $1,116 due to certain restructuring activities, an increase in selling and marketing activities related to key promoted products including spend on Exelon® and Akynzeo® as well as certain variable costs such as logistics fees due to higher sales.

For the year ended December 31, 2022, S&M increased by $9,396 or 24%. Excluding the impact of IAS 29, the increase is $9,827 or 26% mainly driven by an increase in compensation expenses including severances of $1,146, an increase in selling and marketing activities related to key promoted products including the spend on Exelon® and Akynzeo as well as certain variable costs such as logistics fees due to higher sales.

General and administrative: For the quarter ended on December 31, 2022, there was no significant variation in General and administrative expenses. For the year ended December 31, 2022, G&A increased by $4,852 or 14%. Excluding the impact of IAS 29, the increase is $3,721 or 11%, mainly driven by an increase in compensation expense certain consulting and professional fees offset by the lower costs related to the long-term incentive plan.

Research and development expenses: For the quarter ended on December 31, 2022, there was no significant variation in Research and development expenses. For the year ended December 31, 2022, R&D increased by $2,063 or 16%. Excluding the impact of IAS 29, the increase is $1,653 or 14%, mainly driven by an increase in compensation expenses and medical initiatives.

Amortization of intangible assets: For the year ended December 31, 2022, amortization of intangible assets increased by $10,566 or 26%, mainly explained by the amortization of $11,667 related to the full year effect of the acquisition of Exelon®.

Impairment of non-current assets: Under hyperinflation accounting, non-monetary assets including property plant and equipment, right-of-use assets and intangible assets are adjusted by the inflation index and converted back to Canadian Dollar ("CAD") at the closing rate of the reporting period. During a period where the inflation index is higher than devaluation of the Argentine peso relative to the CAD, the value of the non-monetary assets increases when converted to CAD. During 2022, the increase in the value of non-monetary assets in Argentina due to hyperinflation accounting, resulted in an impairment of $21,654. The loss represents a write-down of certain right-of-use assets, property, plant and equipment in Argentina, and intangible assets related to branded generics intellectual property to its recoverable amount.

In addition, during 2022, the Company recorded an additional impairment loss of $2,330 representing the write-down of 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 and year ended December 31, 2022, interest income was $4,263 and $10,632, an increase of 94% or $2,067 and 44% or $3,250 respectively, compared to the same period in prior year due to higher interest rates on cash and marketable securities as well as interest earned on strategic loans.

Interest expense: The increase for the quarter and year ended December 31, 2022, is due to the increase of the Certificados de Depositos Interfinancieros (Brazil interbank lending rate) ("CDI") and Indicador Bancario de Referencia (Colombia interbank lending rate) ("IBR") rates throughout 2022, partially offset by lower average loan balance due to partial repayment of Itaú Unibanco Brasil and Bancolombia bank loans.

In December 2022, the Company entered into a loan with IFC for an amount of $52,416 denominated in BRL, COP, CLP and MXN with interest rates ranging between 7.86% and 15.83% ("IFC Loan"). The interest expense on bank loans is expected to increase in 2023 due the IFC Loan as well as any future increases in variable interest rates.

Adjusted EBITDA:For the quarter ended December 31, 2022, adjusted EBITDA increased by $8,125 or 143%. The growth in adjusted EBITDA is driven by an increase in gross margin of $8,693, offset by an increase in operating expenses.

For the year ended December 31, 2022 adjusted EBITDA increased by $16,027 or 42%. The growth in adjusted EBITDA is driven by an increase in gross margin of $22,649 offset by an increase in operating expenses.

Net loss or income: For the quarter ended December 31, 2022, net loss was $15,188 compared to net loss of $8,301 for the same period last year. The increase in net loss mainly resulted from the above-mentioned items and (1) an increase in income tax recovery of $1,824 in the fourth quarter of 2022 due to the recognition of certain deferred tax assets as well as (2) a higher net gain on the revaluation of financial assets measured at fair value through profit or loss of $8,824 in the fourth quarter of 2022 versus a net gain of $2,300 in the prior year period mainly due to unrealized gains on revaluation of the strategic fund investments resulting from positive mark-to-market adjustments as a result of the increase in the share prices of one of the publicly-traded equities held by one of the funds, (3) foreign exchange loss of $1,633 versus a loss of $3,485 in the prior year period due to appreciation of the CAD versus the US dollar, and (4) a other expense for the quarter ended December 31, 2022 increase by $2,285 compared to the same period in prior year mainly due to the increase in a provision related to certain import tax claims.

For the year ended December 31, 2022, net loss was $29,892 compared to net income of $15,675 in prior year. The variance mainly resulted from the above-mentioned items and (1) an income tax recovery of $17,125 in 2022 due to the recognition of certain deferred tax assets due to timing differences related to our financial assets, impairment of certain non-current assets and certain intercompany transactions, compared to a prior year income tax recovery of $8,985, (2) a lower net loss on the revaluation of financial assets measured at fair value through profit or loss of $20,677 in 2022 versus a net gain of $18,944 in prior year mainly due to unrealized losses on revaluation of the strategic fund investments 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, as well as (3) foreign exchange gain of $7,442 versus a loss of $3,737 in the prior year period due to appreciation of the US dollar compared to CAD in 2022, and (4) gain of $6,030 as a result of execution of settlement agreement and general release with the former shareholders of GBT, partially offset by expense due to the change in an accounting provision for a potential liability.

Cash, cash equivalents and marketable securities: As at December 31, 2022, Knight had $172,674 in cash, cash equivalents and marketable securities, including $18,961 [USD 14,000] pledged as restricted cash collateral under the IFC Loan. The increase of $23,172 or 15% as compared to December 31, 2022 primarily relates to cash generated through operating activities and funds received under the IFC Loan offset by cash outflows from shares purchased through the NCIB, the in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel, repayments on bank loans and foreign exchange gain on cash and cash equivalents.

Financial assets: As at December 31, 2022, financial assets were at $176,563, a decrease of $15,880 or 8%, as compared to the prior year, mainly due to a negative mark-to-market adjustments of $23,325 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, fund distributions of $6,478, decrease in equity investments and derivatives of $1,918 mainly due to disposal of Medimetriks offset by capital calls of $6,307, loans issued of $2,723 and foreign exchange gains of $6,245.

Bank Loans: As at December 31, 2022, bank loans were at $70,072, an increase of $34,145 or 95% as compared to the prior period, mainly due to the IFC loan offset by loan repayments.

Product Updates

Commercial Execution

In the first quarter of 2022, Knight launched three products in Colombia in Oncology/Hematology namely Lenvima® for differentiated thyroid cancer and unresectable hepatocellular carcinoma, Halaven® for metastatic breast cancer and soft tissue sarcoma and Rembre®, a branded generic product, for chronic myeloid leukemia.

As at March 22, 2023, the marketing authorizations of Exelon® for Brazil, Colombia, Argentina, Mexico, Chile, Peru, Ecuador 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, Ecuador & 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 in Canada in Q4-22.

On July 1, 2022, Knight 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, 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.

Advancing our pipeline portfolio

Knight submitted tafasitamab (sold as Monjuvi® in the United States and Minjuvi® in Europe) 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) for regulatory approval to ANVISA in Brazil in October 2022, INVIMA in Colombia in December 2022 and ANMAT in Argentina in January 2023. Knight expects to submit tafasitamab in other key LATAM countries in the first half of 2023.

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

In addition, during the fourth quarter of 2022, Knight also submitted a branded generic of for regulatory approval in Chile and Colombia. Furthermore, the Company has in-licensed three branded generic products for our key markets in Latin America.

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 year ended December 31, 2022, the Company purchased 5,649,189 (2021: 12,321,864) common shares at an average price of $5.34 (2021: $5.23) for aggregate cash consideration of $30,069 (2021: $64,415). Subsequent to December 31, 2022, the Company purchased an additional 1,279,900 common shares at an average purchase price of $5.14 for an aggregate cash consideration of $6,577.

Financial Outlook

Knight provides guidance on revenues[1] 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 expects to report $280 to $300 million in revenue and adjusted EBITDA, as a percentage of revenues, between 13% to 15% of revenue. 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 of March 22, 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 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.

"Our team has been successfully executing on our pan-American ex US strategy and has built a profitable business with a unique platform and a strong foundation from where to continue growing over the long term. We ended 2022 by delivering record revenues and adjusted EBITDA as a result of growing the current portfolio as well as adding new products that leverage our existing infrastructure. Looking ahead, while we will face headwinds with the entrance of new competitors on certain of our banded generic products as well as incur investments related to promoted products, Knight is expected to continue to generate strong cash flows from operations and with over $150,000 of cash and $175,000 of financial assets, we remain well positioned to execute on our mission to acquire, in-license, develop and commercialize pharmaceutical products in Latin America and Canada." said Jonathan Ross Goodman, Executive Chairman of Knight Therapeutics Inc.

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[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 fourth quarter and year-end results today at 8:30 am ET. Knight cordially invites all interested parties to participate in this call.

Date: Thursday, March 23, 2023
Time: 8:30 a.m. ET
Telephone: Toll Free: 1-888-256-1007 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 atwww.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 as a result of new information or future events, except as required by law.

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Financial Results

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 year ended December 31 using the following general price indexes:

[Unaudited]

	January	February	March	April	May	June	July	August	September	October	November	December
2022	1.88	1.79	1.68	1.58	1.51	1.43	1.33	1.25	1.17	1.10	1.05	1.00
2021	1.45	1.40	1.34	1.28	1.24	1.20	1.17	1.14	1.10	1.06	1.04	1.00

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

[Unaudited]

	Q4-22				YTD-22			
	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	%[3]	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	%[3]
Revenues	81,655	83,806	(2,151)	3%	293,563	291,770	1,793	1%
Cost of goods sold	44,767	41,875	(2,892)	7%	155,502	141,411	(14,091)	10%
Gross margin	36,888	41,931	(5,043)	12%	138,061	150,359	(12,298)	8%
Gross margin (%)	45%	50%			47%	52%		
Expenses								
Selling and marketing	14,402	15,073	671	4%	48,474	48,083	(391)	1%
General and administrative	10,336	10,083	(253)	3%	40,150	37,451	(2,699)	7%
Research and development	4,140	4,043	(97)	2%	14,755	13,733	(1,022)	7%
Amortization of intangible assets	17,156	16,724	(432)	3%	51,742	49,561	(2,181)	4%
Impairment of non-current assets	21,904	250	(21,654)	n/a[4]	23,984	2,330	(21,654)	n/a[4]
Operating loss	(31,050)	(4,242)	(26,808)	n/a[4]	(41,044)	(799)	(40,245)	n/a[4]

[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.

[4] Percentage change not relevant.

[Unaudited]

	Q4-21				YTD-21			
	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	%[3]	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	%[3]
Revenues	58,273	56,358	1,915	3%	243,478	239,238	4,240	2%
Cost of goods sold	30,078	27,724	(2,354)	8%	128,066	120,409	(7,657)	6%
Gross margin	28,195	28,634	(439)	2%	115,412	118,829	(3,417)	3%
Gross margin (%)	48%	51%			47%	50%		
Expenses								
Selling and marketing	12,291	11,911	(380)	4%	39,078	38,256	(822)	2%
General and administrative	10,002	9,795	(207)	2%	35,298	33,730	(1,568)	5%
Research and development	3,496	3,087	(409)	13%	12,692	12,080	(612)	5%
Amortization of intangible assets	17,040	16,355	(685)	4%	41,176	38,824	(2,352)	6%
Operating loss	(14,634)	(12,514)	(2,120)	17%	(12,832)	(4,061)	(8,771)	216%

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

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

[3] Percentage change is presented in absolute values.

Impact of LATAM Foreign Exchange volatility

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

[Unaudited]

Rates	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
BRL	3.87	4.02	3.85	4.12	4.44	4.15	4.30	4.32
ARS	118.9	103.6	92.3	84.1	79.7	77.2	76.46	69.9
COP	3,550	3,363	3,074	3,093	3,080	3,058	3,012	2,812
CLP	674	712	660	639	656	614	583	572

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

Variance (%)[1]	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
BRL	4%	-4%	7%	7%	-7%	3%	0%	-4%
ARS	-15%	-12%	-10%	-6%	-3%	-1%	-9%	-14%
COP	-6%	-9%	1%	0%	-1%	-2%	-7%	0%
CLP	5%	-8%	-3%	3%	-7%	-5%	-2%	2%

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

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

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

[Unaudited]

	Q4-22	Q4-21	Variance		YTD-22	YTD-21	Variance	
	Excluding impact of IAS 29[1]							
		Constant Currency[2]	*$[3]*	*%[4]*		*Constant Currency[2]*	*$[3]*	*%[4]*
Revenues	83,806	58,370	25,436	44%	291,770	243,731	48,039	20%
Cost of goods sold	41,875	28,678	(13,197)	46%	141,411	123,037	(18,374)	15%
Gross margin	41,931	29,692	12,239	41%	150,359	120,694	29,665	25%
Gross margin (%)	*50%*	*51%*			*52%*	*50%*		
Expenses								
Selling and marketing	15,073	12,223	(2,850)	23%	48,083	38,715	(9,368)	24%
General and administrative	10,083	10,289	206	2%	37,451	34,458	(2,993)	9%
Research and development	4,043	3,193	(850)	27%	13,733	12,264	(1,469)	12%
Amortization of intangible assets	16,724	16,804	80	0%	49,561	39,428	(10,133)	26%
Impairment of non-current assets	250	-	(250)	100%	2,330	-	(2,330)	100%
Operating (loss) income	(4,242)	(12,817)	8,575	67%	(799)	(4,171)	3,372	81%
EBITDA[5]	13,330	4,258	9,072	213%	53,541	36,376	17,165	47%
Adjusted EBITDA[5]	13,821	5,884	7,937	135%	54,032	38,551	15,481	40%

[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:

[Unaudited]

	Q4-21				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	58,273	(1,915)	2,012	58,370	243,478	(4,240)	4,493	243,731
Cost of goods sold	30,078	(2,354)	954	28,678	128,066	(7,657)	2,628	123,037
Gross margin	28,195	439	1,058	29,692	115,412	3,417	1,865	120,694
Expenses								
Selling and marketing	12,291	(380)	312	12,223	39,078	(822)	459	38,715
General and administrative	10,002	(207)	494	10,289	35,298	(1,568)	728	34,458
Research and development	3,496	(409)	106	3,193	12,692	(612)	184	12,264
Amortization of intangible assets	17,040	(685)	449	16,804	41,176	(2,352)	604	39,428
Operating loss	(14,634)	2,120	(303)	(12,817)	(12,832)	8,771	(110)	(4,171)

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

Consolidated Statement of (Loss) Income

[In thousands of Canadian dollars]

[Unaudited]

	Q4-22	Q4-21	Change $[1]	Change %[2]	YTD-22	YTD-21	Change $[1]	Change %[2]
Revenues	81,655	58,273	23,382	40%	293,563	243,478	50,085	21%
Cost of goods sold	44,767	30,078	(14,689)	49%	155,502	128,066	(27,436)	21%
Gross margin	36,888	28,195	8,693	31%	138,061	115,412	22,649	20%
Gross margin (%)	*45%*	*48%*			*47%*	*47%*		
Expenses								
Selling and marketing	14,402	12,291	(2,111)	17%	48,474	39,078	(9,396)	24%
General and administrative	10,336	10,002	(334)	3%	40,150	35,298	(4,852)	14%
Research and development	4,140	3,496	(644)	18%	14,755	12,692	(2,063)	16%
Amortization of intangible assets	17,156	17,040	(116)	1%	51,742	41,176	(10,566)	26%
Impairment of non-current assets	21,904	-	(21,904)	100%	23,984	-	(23,984)	100%
Operating (loss) income	(31,050)	(14,634)	(16,416)	112%	(41,044)	(12,832)	(28,212)	220%
Interest income on financial instruments measured at amortized cost	(1,922)	(725)	1,197	165%	(4,072)	(2,446)	1,626	66%
Other interest income	(2,341)	(1,471)	870	59%	(6,560)	(4,936)	1,624	33%
Interest expense	2,293	1,331	(962)	72%	6,600	3,618	(2,982)	82%
Other (income) expense	1,964	(321)	(2,285)	712%	(4,025)	(128)	3,897	3045%
Net loss (gain) on financial assets measured at fair value through profit or loss	(8,824)	(2,300)	6,524	284%	20,677	(18,944)	(39,621)	209%
Foreign exchange (gain) loss	1,663	3,485	1,822	52%	(7,442)	3,737	11,179	299%
Gain on hyperinflation	(748)	(209)	539	258%	(2,262)	(423)	1,839	435%
Income (loss) before income taxes	(23,135)	(14,424)	(8,711)	60%	(43,960)	6,690	50,650	757%
Income tax								
Current	882	(2,642)	(3,524)	133%	3,057	(1,349)	(4,406)	327%
Deferred	(8,829)	(3,481)	5,348	154%	(17,125)	(7,636)	9,489	124%
Income tax recovery	(7,947)	(6,123)	1,824	30%	(14,068)	(8,985)	5,083	57%
Net (loss) income for the period	(15,188)	(8,301)	(6,887)	83%	(29,892)	15,675	(45,567)	291%
Basic and diluted net (loss) earnings per share	(0.13)	(0.07)	(0.07)	99%	(0.26)	0.13	(0.39)	307%
EBITDA[3]	13,330	4,101	9,229	225%	53,541	35,865	17,676	49%
Adjusted EBITDA[3]	13,821	5,696	8,125	143%	54,032	38,005	16,027	42%

[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.

Revenues	Q4-22 vs Q4-21	Q4-22	Q4-21	Q4-21	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	29,343	23,534	23,876	5,809	25%
Infectious Diseases	32,744	20,211	21,393	12,533	62%
Other Specialty	21,719	12,613	13,101	9,106	72%
Total	83,806	56,358	58,370	27,448	49%

[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 December 31, 2022, excluding the impact of hyperinflation, revenues increased by $27,448 or 49% compared to the same period in prior year. The increase in revenues excluding the impact of hyperinflation is explained by the following:

- Oncology/Hematology: The increase in revenues of $5,809 is driven by growth in our key promoted brands, including new launches of Lenvima® and Halaven® in Colombia in Q1-22, the growth of key promoted products including Lenvima® and Trelstar® and the assumption of commercial activities of Akynzeo® in Brazil and Canada. This increase is offset by a reduction in revenues of our branded generics products due to their lifecycle including the market entrance of new competitors.

  Infectious Diseases: The infectious disease portfolio grew by approximately $15,900, excluding the impact of the planned transition and termination of the Gilead Amendment. This growth is due to an increase in patient treatments as our markets reduce COVID-19 restrictions, growth of our key promoted products and a one-time sales contract with the Ministry of Health in Brazil for Ambisome® ("MOH Contract"). Knight recorded $7,500 in revenues, which represents 40% of the expected deliveries under the MOH contract in Q4-22 and the balance of the contract is expected to be delivered in the first six months of 2023.

  Other Specialty: The increase in revenues is mainly due to incremental revenue of $5,092 due to the change in accounting treatment of Exelon® from net profit transfer from Novartis to revenues with related cost of sales upon the transition of commercial activities to Knight as well as the timing of purchases of products by certain customers.

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

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

- Innovation - Promoted portfolio: consists of products on which the Company invest in commercial activities such as sales force promotion and products that require medical activities.
- Innovative - Mature: consists of products that require lower level of promotional activities and/or products that have reached their peak market capture potential.
- Innovative - Discontinued: consists of products that the company has stopped commercializing or is in the process of discontinuing sales.

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

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

During the quarter ended December 31, 2022, excluding the impact of IAS 29 the Company generated $68,404 or 82% of total revenues from its innovative portfolio and $15,402 or 18% of total revenues from its BGx portfolio.

Product portfolio	Q4-22 *Excluding impact of IAS 29*[3] $	Q4-21 *Excluding impact of IAS 29*[3] $	Change *Excluding impact of IAS 29*[3] $[1]	 %[2]
Innovative - Promoted	54,270	26,127	28,143	108%
Innovative - Mature	13,399	9,199	4,200	46%
Innovative - Discontinued	735	3,547	(2,812)	79%
Total Innovative	68,404	38,873	29,531	76%
BGx - New Launches	2,999	2,730	269	10%
BGx - Mature	11,661	12,814	(1,153)	9%
BGx - Discontinued	742	1,941	(1,199)	62%
Total BGx	15,402	17,485	(2,083)	12%
Total	83,806	56,358	27,448	49%

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

2 Percentage change is presented in absolute values

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

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

Product portfolio	Change *Excluding impact of IAS 29*[3] $[1]	%[2]	
Innovative - Promoted	28,143	108%	• Incremental revenues of $5,092 related to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales of Exelon® • Incremental revenues of $7,500 related to the Ambisome® MOH Contract • Incremental revenues from launches of Lenvima® and Halaven® Colombia in Colombia in Q1-22 • Continued growth of key promoted products including Lenvima®, Cresemba® and Trelstar®
Innovative - Mature	4,200	46%	• Due to growth of Impavido® in certain markets and timing of sales of certain products
Innovative - Discontinued	(2,812)	79%	• Due to planned transition and termination agreement of the Gilead Amendment effective July 1, 2022
Total Innovative	29,531	76%	
BGx - New Launches	269	10%	• Due to the launch of Rembre® in Colombia and Dolufevir® in Argentina
BGx - Mature	(1,153)	9%	• Due to lifecycle of products including entrance of new competition
BGx - Discontinued	(1,199)	62%	• Discontinuation of the products at the end of their lifecycle
Total BGx	(2,083)	12%	
Total	27,448	49%	

1 Percentage change is presented in absolute values

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

YTD-22 vs YTD-21

Therapeutic Area	YTD-22 *Excluding impact of IAS 29*[3] $	YTD-21 *Excluding impact of IAS 29*[3] $	YTD-21 *Constant Currency*[4] $	Change *Excluding impact of IAS 29*[3] $[1]	%[2]
Oncology/Hematology	105,464	89,079	89,505	16,385	18%
Infectious Diseases	116,530	101,650	106,640	14,880	15%
Other Specialty	69,776	48,509	47,586	21,267	44%
Total	291,770	239,238	243,731	52,532	22%

[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

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

For the twelve-month period ended December 31, 2022, excluding the impact of hyperinflation, revenues increased by $52,532 or 22% 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 $15,960 is driven by growth in our key promoted brands, including the launches of Lenvima® and Halaven® in Colombia in Q1-22, the continued growth of key promoted products including Lenvima®, Halaven® and Trelstar® and the assumption of commercial activities of Akynzeo® in Brazil and Canada. This increase is offset by a reduction in revenues of our branded generics products due to their lifecycle including the market entrance of new competitors.

  Infectious Diseases: The infectious disease portfolio grew by approximately $29,080 due to increase in patient treatments as our markets reduce COVID-19 restrictions, growth of our key promoted products and a one-time sales contract with the Ministry of Health in Brazil for Ambisome® ("MOH Contract"). An incremental revenue of $7,500 representing 40% of the expected deliveries under the MOH contract was recorded in Q4-22 and the balance of the contract is expected to be delivered in the first six months of 2023. The growth is offset by an estimated $14,200 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 of the Gilead Amendment effective July 1, 2022.

- Other Specialty: The revenues increase is mainly driven by the timing of the acquisition of Exelon® as well as a change in the accounting treatment of Exelon®. The full year effect of the Exelon® transaction executed on May 26, 2021, represents an incremental revenue of $15,282. The change in accounting treatment from net profit transfer from Novartis to recognition of revenues with related cost of sales upon transition of commercial activities to Knight led to an increase of $6,427 in revenues.

During the year ended December 31, 2022, excluding the impact of IAS 29, the Company generated revenues of $228,003 or 78% of total revenues from its innovative portfolio and $63,767 or 22% of total revenues from its BGx portfolio.

	YTD-22	YTD-21	Change	
	Excluding impact of IAS 29[3]	*Excluding impact of IAS 29*[3]	*Excluding impact of IAS 29*[3]	
Product portfolio	$	$	$[1]	%[2]
Innovative - Promoted	170,391	120,127	50,264	42%
Innovative - Mature	49,209	41,998	7,211	17%
Innovative - Discontinued	8,403	13,389	(4,986)	37%
Total Innovative	228,003	175,514	52,489	30%
BGx - New Launches	12,091	7,115	4,976	70%
BGx - Mature	47,744	49,772	(2,028)	4%
BGx - Discontinued	3,932	6,837	(2,905)	42%
Total BGx	63,767	63,724	43	0%
Total	291,770	239,238	52,532	22%

[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 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.

Product portfolio	Change Excluding impact of IAS 29[3] $[1]	%[2]	
Innovative - Promoted	50,264	42%	• Incremental revenues of $15,282 related to the full year effect of acquisition of Exelon® and $6,427 related to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales • Incremental revenues of $7,500 related to the Ambisome® MOH Contract • Incremental revenues from launches of Lenvima® and Halaven® Colombia in Colombia in Q1-21 • Continued growth of key promoted products including Lenvima®, Cresemba® and Trelstar®
Innovative - Mature	7,211	17%	• Due to growth of Impavido® in certain markets and timing of sales of certain products
Innovative - Discontinued	(4,986)	37%	• Due to planned transition and termination agreement of the Gilead Amendment effective July 1, 2022
Total Innovative	52,489	30%	
BGx - New Launches	4,976	70%	• Due to launch of Rembre® in Colombia in Q1-22 and continued growth of Dolufevir® in Argentina
BGx - Mature	(2,028)	4%	• Due to lifecycle of products including entrance of new competition
BGx - Discontinued	(2,905)	42%	• Discontinuation of the products at the end of their lifecycle
Total BGx	43	0%	
Total	52,532	22%	

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 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.

Gross margin

Q4-22 vs Q4-21

- Under IFRS, for the quarter ended December 31, 2022, gross margin, as a percentage of revenues, decreased from 48% in Q4-21 to 45% in Q4-22. The decrease in the gross margin, as a percentage of revenues, is explained by the impact of hyperinflation. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 50% in Q4-22 and 51% in Q4-21.

YTD-22 vs YTD-21

- For the year ended December 31, 2022, there was no significant difference in gross margin, as a percentage of revenues, compared to the same prior year period. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 52% for year ended December 31, 2022 compared to 50% in prior year. The increase in the gross margin is explained by the change in product mix including the full year effect of the acquisition of Exelon®.

Selling and marketing

Q4-22 vs Q4-21

- For the quarter ended December 31, 2022, S&M increased by $2,111 or 17%. Excluding the impact of IAS 29, the increase is $3,162 or 27% driven by an increase in compensation expenses including severance cost of $1,116 due to certain restructuring activities, an increase in selling and marketing activities related to key promoted products including spend on Exelon® and Akynzeo® as well as certain variable costs such as logistics fees due to higher sales.

YTD-22 vs YTD-21

- For the twelve-month period ended December 31, 2022, S&M increased by $9,396 or 24%. Excluding the impact of IAS 29, the increase is $9,827 or 26% mainly driven by an increase in compensation expenses including severances of $1,146, an increase in selling and marketing activities related to key promoted products including the spend on Exelon® and Akynzeo as well as certain variable costs such as logistics fees due to higher sales.

General and administrative

Q4-22 vs Q4-21

- No significant variance

YTD-22 vs YTD-21

- For the twelve-month period ended December 31, 2022, G&A increased by $4,852 or 14%. Excluding the impact of IAS 29, the increase is $3,721 or 11%, mainly driven by an increase in compensation expense certain consulting and professional fees offset by the lower costs related to the long-term incentive plan.

Research and development expenses

Q4-22 vs Q4-21

- No significant variance

YTD-22 vs YTD-21

- For the twelve-month period ended December 31, 2022, R&D increased by $2,063 or 16%. Excluding the impact of IAS 29, the increase is $1,653 or 14%, mainly driven by an increase in compensation expenses and medical initiatives.

Amortization of intangible assets

YTD-22 vs YTD-21

- For the year ended December 31, 2022, amortization of intangible assets increased by $10,566 or 26%, mainly explained by the amortization of $11,667 related to the full year effect of the acquisition of Exelon®.

Impairment of non-current assets	*YTD-22 vs YTD-21 and Q4-22 vs Q4-21* • Under hyperinflation accounting, non-monetary assets including property plant and equipment, right-of-use assets and intangible assets are adjusted by the inflation index and converted back to CAD at the closing rate of the reporting period. During a period where the inflation index is higher than devaluation of the Argentine peso relative to the CAD, the value of the non-monetary assets increases when converted to CAD. • During 2022, the increase in the value of non-monetary assets in Argentina due to hyperinflation accounting, resulted in an impairment of $21,654 (2021: Nil) of these assets which was recorded in "Impairment of non-current assets". The loss represents a write-down of certain right-of-use assets, property, plant and equipment in Argentina, and intangible assets related to branded generics intellectual property to its recoverable amount. • In addition, during 2022, the Company recorded an additional impairment loss of $2,330 representing the write-down of the upfront and certain milestones payments made under certain product license agreements as a result of changes in commercial expectations.
Interest income	*YTD-22 vs YTD-21 and Q4-22 vs Q4-21* • 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 Q4-22 was $4,263 and YTD-22 $10,632, an increase of 94% or $2,067 and 44% or $3,250, respectively, compared to the same period in prior year due to higher interest rates on cash and marketable securities as well as interest earned on loans.
Interest Expense	*Q4-22 vs Q4-21 and YTD-22 vs YTD-21* • The interest expense for Q4-22 and YTD-22 includes the interest expense on bank loans of $1,363 and $5,089 and interest expense of lease liabilities and other of $1,511 and $930 respectively. • Interest expense on banks loans for the Q4-22 and YTD-22 increased by $407 or 43% and by $2,364 or by 87% respectively, compared to the same periods in prior year, due to the increase of the CDI and IBR rates throughout 2022, partially offset by lower average loan balance due to partial repayment of Itaú Unibanco Brasil and Bancolombia bank loans. Refer to Section Liquidity and Capital Resources for further information on the bank loans. • The Company entered into a loan with IFC for an amount of $52,416 [USD 38,500] denominated in BRL, COP, CLP and MXN with interest rates ranging between 7.86% and 15.83% as at December 31, 2022. The interest expense on bank loans is expected to increase in 2023 due to the IFC loan as well as any future increases in variable interest rates.
Other income (expense)	*Q4-22 vs Q4-21* • Other expense for the three-month period ended December 31, 2022 increased by $2,285 or by 712% compared to the same period in prior year mainly due to the increase in a provision related to certain import tax claims. *YTD-22 vs YTD-21* • Other income for the year ended December 31, 2022 increased by $3,897 or 3045%. The Company recorded a gain of $6,030 (US$4,600) upon execution of a settlement agreement and general release with the former shareholders of GBT. The settlement gain was partially offset by the increase in a provision related to certain import tax claims.

Net gain or loss on financial assets measured at fair value through profit or loss	*Q4-22 vs Q4-21* • Net gain on financial assets measured at fair value through profit and loss for Q4-22 was $8,824, mainly driven by unrealized gain on revaluation of our strategic fund investments resulting from positive mark-to-market adjustments as a result of the increase in the share prices of one of the publicly-traded equities held by one of the funds. *YTD-22 vs YTD-21* • Net loss on financial assets measured at fair value through profit and loss for YTD-22 was $20,677, 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.

Foreign exchange gain or loss	*Q4-22 vs Q4-21* • The foreign exchange loss in the three months ended Q4-22 and Q4-21 is mainly driven by the unrealized losses on revaluation of our financial assets including our cash balances as well as unrealized loss on intercompany balances due to the appreciation of the CAD vs. the USD. *YTD-22 vs YTD-21* • The foreign exchange gains in YTD-22 are mainly driven by the unrealized gains on revaluation of our financial assets including our cash balances as well as intercompany balances due to the appreciation of the USD and EURO vs. the CAD, partially offset by the depreciation of the select LATAM currencies throughout the year. • The foreign exchange loss in Q4-21 and YTD-21 is mainly driven by the unrealized losses on revaluation of our financial assets including our cash balances due to the appreciation of the CAD vs. the USD and EURO.
Gain or loss on hyperinflation	• Relates to gain on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to "Impact of Hyperinflation" section for further details.
Income tax expense	• The income tax recovery for Q4-22 and YTD-22 is driven by the recognition of certain deferred tax assets due to timing differences related to our financial assets, impairment of certain non-current assets and certain intercompany transactions. • The income tax recovery for Q4-21 and YTD-21 is driven by the recognition of certain deferred tax assets due tax losses generated, timing differences related to certain intercompany transactions, financial assets and impairment of certain non-current assets.

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 long-lived 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-month period and year ended December 31, 2022, the Company calculated EBITDA and adjusted EBITDA as follows:

[Unaudited]			Change				Change	
	Q4-22	Q4-21	$[1]	%[2]	YTD-22	YTD-21	$[1]	%[2]
Operating loss	(31,050)	(14,634	(16,416)	112%	(41,044)	(12,832)	(28,212)	220%
Adjustments to operating loss:								
Amortization of intangible assets	17,156	17,040	116	1%	51,742	41,176	10,566	26%
Impairment of non-current assets	21,904	-	21,904	100%	23,984	-	23,984	100%
Depreciation of property, plant and equipment and ROU assets	3,037	1,961	1,076	55%	10,879	6,739	4,140	61%
Lease costs (IFRS 16 adjustment)	(836)	(874	38	4%	(2,750)	(3,016)	266	9%
Impact of IAS 29	3,119	608	2,511	413%	10,730	3,798	6,932	183%
EBITDA [3]	13,330	4,101	9,229	225%	53,541	35,865	17,676	49%
Acquisition and transaction costs	-	-	-	0%	-	432	(432)	100%
Other non-recurring expenses	491	1,595	(1,104)	69%	491	1,708	(1,217)	71%
Adjusted EBITDA [3]	13,821	5,696	8,125	143%	54,032	38,005	16,027	42%

[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

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 year ended December 31, 2021 the Company incurred expenses of $432 related to acquisition of Exelon® (Q4-21: 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 year ended December 31, 2022, the Company incurred non-recurring costs of $491 (Q4-22: $491) related to restructuring activities including severance to certain employees as part of restructuring and integration of GBT. For the year ended December 31, 2021, the Company incurred non-recurring costs of $1,708 (Q4-21: $1,595) related to restructuring activities including severance to certain employees as part of restructuring and integration of GBT.

Adjusted EBITDA Q4-22 vs Q4-21

For the three-month period ended December 31, 2022 adjusted EBITDA increased by $8,125 or 143%. The growth in adjusted EBITDA is driven by an increase in gross margin of $8,693 offset by an increase in operating expenses. Refer to above explanations for further details.

Adjusted EBITDA YTD-22 vs YTD-21

For the year ended December 31, 2022 adjusted EBITDA increased by $16,027 or 42%. The growth in adjusted EBITDA is driven by an increase in gross margin of $22,649 offset by an increase in operating expenses. Refer to above explanations for further details.

Financial Condition

Impact of LATAM Foreign Exchange volatility

The following table represents the quarter end closing rates used by Knight to convert the assets and liabilities on the balance sheet at the end of each reporting period.

Rates	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21
BRL	3.90	3.94	4.05	3.80	4.40
ARS	130.53	107.12	97.07	88.72	80.88
COP	3,584	3,322	3,205	3,012	3,195
CLP	629	703	718	631	671

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

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

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

Consolidated Balance Sheets

[In thousands of Canadian dollars]

[Unaudited]

	12-31-22	12-31-21	Change $	Change %[1]
ASSETS				
Current				
Cash and cash equivalents	71,679	85,963	(14,284)	17%
Marketable securities	85,826	63,539	22,287	35%
Trade receivables	94,890	55,388	39,502	71%
Other receivables	12,930	5,056	7,874	156%
Inventories	92,489	72,397	20,092	28%
Prepaids and deposits	1,704	2,165	(461)	21%
Other current financial assets	33,716	13,491	20,225	150%
Income taxes receivable	2,385	6,970	(4,585)	66%
Total current assets	395,619	304,969	90,650	30%
Marketable securities	15,169	-	15,169	0%
Prepaids and deposits	4,355	3,046	1,309	43%
Right-of-use assets	5,827	4,671	1,156	25%
Property, plant and equipment	16,806	25,265	(8,459)	33%
Investment properties	-	1,457	(1,457)	100%
Intangible assets	338,780	350,299	(11,519)	3%
Goodwill	82,274	75,403	6,871	9%
Other financial assets	142,847	178,952	(36,105)	20%
Deferred income tax assets	9,310	2,048	7,262	355%
Other long-term receivables	43,849	43,431	418	1%
	659,217	684,572	(25,355)	4%
Assets held for sale	-	2,350	(2,350)	100%
Total assets	1,054,836	991,891	62,945	6%

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

	12-31-22	12-31-21	Change $	Change %[1]
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities	106,061	65,309	40,752	62%
Lease liabilities	2,578	1,614	964	60%
Other liabilities	5,793	1,989	3,804	191%
Bank loans	17,674	26,662	(8,988)	34%
Income taxes payable	2,274	7,073	(4,799)	68%
Other balances payable	6,941	2,655	4,286	161%
Total current liabilities	141,321	105,302	36,019	34%
Accounts payable and accrued liabilities	2,669	281	2,388	850%
Lease liabilities	5,050	3,417	1,633	48%
Bank loans	52,398	9,265	43,133	466%
Other balances payable	23,176	19,235	3,941	20%
Deferred income tax liabilities	4,365	12,373	(8,008)	65%
Total liabilities	228,979	149,873	79,106	53%
Shareholders' Equity				
Share capital	599,055	628,854	(29,799)	5%
Warrants	117	117	-	0%
Contributed surplus	23,664	21,776	1,888	9%
Accumulated other comprehensive income (loss)	41,266	(376)	41,642	11075%
Retained earnings	161,755	191,647	(29,892)	16%
Total shareholders' equity	825,857	842,018	(16,161)	2%
Total liabilities and shareholders' equity	1,054,836	991,891	62,945	6%

[Unaudited]

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

12-31-22 vs 12-31-21	
Cash and cash equivalents	• Cash and cash equivalents decreased by $14,284 or 17% mainly due to cash generated through operating activities and funds received under the IFC Loan offset by cash outflows from shares purchased through the NCIB, the in-licensing of AKYNZEO® and ALOXI® from Helsinn as well as fostamatinib from Rigel, repayments on bank loans and foreign exchange gain on cash and cash equivalents. Refer to section Liquidity and Capital Resources for more details.
Trade receivables	• Trade receivables increased by $39,502 or 71%, mainly due to growth in revenues including the assumption of commercial activities of Exelon® and Akynzeo®, sale of Ambisome® under the MOH Contract, and the growth of our key promoted products.
Other receivables (current)	• Other receivables increased by $7,874, or 156% mainly due to a receivable of $2,393 from sale of the Medimetriks investments, an increase in interest receivable of $2,965 and an increase in sales and other taxes receivable of $1,592.
Inventories	• Inventories increased by $20,092, or 28% due to inventory purchases of $10,704 upon transfer of commercial activities of Exelon® and Akynzeo® as well as an increase in inventory levels across key promoted products including Ambisome® in anticipation of the 2023 deliveries of the MOH Contract.
Other financial assets (current and long term)	Other financial assets decreased by $15,880, or 85%, explained mainly by the following: Loans and other receivable: increase of $5,023 mainly attributable to net loans issued of $2,723 and foreign exchange gains of $1,734. Equity investments and Derivatives: decrease of $1,918 or 24% driven mainly by the disposal of Medimetriks equity investments during the period and the revaluation of equity investments and derivatives. Funds: decrease of $18,985 due to negative mark-to-market adjustments of $23,325 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 $6,478, offset by capital calls of $6,307 and foreign exchange gains of $4,511.
Income tax receivable	• Decrease is mainly due collection of tax refunds.
Property, plant and equipment	• Property plant and equipment decreased by 8,459 or 33% mainly due to the impairment of certain property, plant and equipment in Argentina related to branded generics intellectual property.
Intangible assets	• Intangible assets decreased by $11,519 or 3% mainly due to amortization and impairment charge during the period, offset by upfront payments and certain milestones primarily related to in-licensing of AKYNZEO® and ALOXI® from Helsinn, fostamatinib from Rigel and the appreciation of the USD vs. the CAD.
Goodwill	• Increase due to the appreciation of certain LATAM currencies during the period.
Deferred income tax asset	Increase is mainly explained by additional deferred tax assets recognized on tax losses generated in certain jurisdictions and certain temporary differences related to financial assets and change in temporary differences related to intercompany transactions.

	12-31-22 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 $43,140, or 64%, driven by: i. increase of $25,772 related to purchase of Exelon® & AKYNZEO® inventory driven by the transfer of the commercial activities to Knight and purchases of Ambisome® in anticipation of the MOH Contract deliveries of 2023; ii. higher payables due to inventory purchases of our key promoted products and, timing of accruals, payments to and purchases from certain suppliers.
Bank loans (current and long term)	• Increase in bank loans by $34,145 or 95% mainly due to a five-year loan from IFC denominated in select LATAM currencies of $51,478 and accrued interest, partially offset by loan repayments of $17,542.
Income tax payable	• Decrease is mainly explained by the settlement of certain prior year income tax liabilities, instalments and lower current tax accruals in certain jurisdictions.
Other balances payable (current and long term)	• Increase in other payables by $8,227 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 explained by the recognition of deferred income tax recovery on amortization of certain definite-life intangible assets acquired by the Company, the change in temporary difference related to intercompany transactions and certain impairment on intangible assets.
Share capital	• Decrease due to the purchase of Knight's common shares though the NCIB, partially offset by share issuance under ESPP.
Contributed surplus	• Increase related to share-based compensation expense.

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	
	Q4-22	Q4-21	$	%[1]	2022	2021	$	%[1]
Net cash from operating activities	4,752	4,681	71	2%	40,481	44,618	(4,137)	9%
Net cash used in investing activities	(65,024)	9,469	(74,493)	787%	(63,079)	(105,279)	42,200	40%
Net cash from (used in) financing activities	29,858	(22,886)	52,744	230%	1,762	(78,310)	80,072	102%
Increase in cash and cash equivalents during the period	(30,414)	(8,736)	(21,678)	248%	(20,836)	(138,971)	118,135	85%
Net foreign exchange difference	271	2,209	(1,938)	88%	6,552	(4,658)	11,210	241%
Cash and cash equivalents beginning of the period	101,822	92,490	9,332	10%	85,963	229,592	(143,629)	63%
Cash and cash equivalents, end of the period	71,679	85,963	(14,284)	17%	71,679	85,963	(14,284)	17%
Marketable securities[2], end of the period	100,995	63,539	37,456	59%	100,995	63,539	37,456	59%
Cash and cash equivalents, and marketable securities[2], end of the period	172,674	149,502	23,172	15%	172,674	149,502	23,172	15%
Cash and cash equivalents, net of bank loans	1,607	50,036	(48,429)	97%	1,607	50,036	(48,429)	97%

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

[2] *Including marketable securities pledged as restricted cash collateral under the IFC loan.*

	Q4-22	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 December 31, 2022, cash inflow from operations was $4,752. The net loss for the quarter plus adjustments of non-cash items such as depreciation, amortization and impairment is $6,280 which is offset by an increase in working capital of $1,528. The increase in the working capital is mainly due to the transition of commercial activities to Knight related to Exelon® and Akynzeo®. The working capital levels are expected to normalize during the first half of 2023. Furthermore, the net cash from operating activities included an inflow of $2,287 related to net interest received mainly driven by the timing of maturity of marketable securities.	For the year ended December 31, 2022, cash inflow from operations was $40,481. The net loss for the year plus adjustments of non-cash items such as non-cash items such as depreciation, amortization and impairment is $50,470 which is offset by an increase in working capital of $9,989. The increase in the working capital is mainly due to the transition of commercial activities to Knight related to Exelon® and Akynzeo®. The working capital levels are expected to normalize during the first half of 2023. Furthermore, the net cash from operating activities included an inflow of $7,608 related to net interest received mainly driven by the timing of maturity of marketable securities as well as an inflow of $6,030 from the settlement with former shareholders of GBT.
Net cash from investing activities	For the three-month period ended December 31, 2022, cash flows were mainly driven by: • net purchase of marketable securities of $57,418 driven by higher interest rates on GICs including the requirement under IFC loan for restricted cash collateral of 35% of loan balance outstanding; • distributions from life sciences funds of $577, offset by investment in funds of $531; • acquisition of intangibles and property and equipment of $6,653 mainly due to certain sales milestones payment; • proceeds from disposal of investments in Medimetriks of $1,742.	For the year ended December 31, 2022, cash flows were mainly driven by: • net purchase of marketable securities of $36,825 driven by higher interest rates and requirement under IFC loan to have restricted cash collateral of 35% of loan balance outstanding; • acquisition of intangibles and property and equipment of $25,816 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 $3,985, offset by investment in funds of $3,831; • issuance of additional strategic loan of $2,741 to Synergy, and • proceeds from disposal of investments in Medimetriks of $1,742.
Net cash from financing activities	Cash flows from financing activities were mainly due to the repurchase of common shares through the NCIB, principal repayments on bank loans, principal repayments on lease liabilities, proceeds from bank loans and proceeds from the participation of employees and directors in the Company's share purchase plan.	

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

As at December 31, 2022
[Unaudited]

	Currency of debt	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Itaú Unibanco Brasil	BRL	1.65% + CDI	13.36%	Dec 8, 2023	8,487	-	8,487
Bancolombia	COP	2.28% + IBR	8.07%	Oct 12, 2026	2,299	6,194	8,493
Banco ICBC Argentina[1]	ARS	77%[2]	77%[2]	N/A	344	-	344
Banco Itaú Argentina[1]	ARS	76%[3]	76%[3]	N/A	1,270	-	1,270
IFC	BRL	1.6% + CDI	15.83%	Oct 15, 2027	3,121	23,309	26,430
IFC	CLP	7.71%	7.86%	Oct 15, 2027	1,202	9,198	10,400
IFC	COP	1.6% + IBR	13.29%	Oct 15, 2027	735	10,613	11,348
IFC	MXN	1.6% + TIIE	13.07%	Oct 15, 2027	216	3,084	3,300
Total Bank Loans					17,764	52,398	70,072

[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*

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
OPERATING ACTIVITIES				
Net (loss) income for the period	(15,188)	(8,301)	(29,892)	15,675
Adjustments reconciling net income to operating cash flows:				
Depreciation and amortization	20,194	19,001	62,621	47,915
Net gain (loss) on financial instruments	(8,824)	(2,300)	20,677	(18,944)
Unrealized foreign exchange loss (gain)	(1,044)	3,968	(8,479)	2,881
Loss on disposal and impairment of non-current assets	21,904	496	23,984	496
Other operating activities	(10,762)	(2,086)	(18,441)	(4,032)
	6,280	10,778	50,470	43,991
Changes in non-cash working capital and other items	(1,528)	(6,097)	(9,989)	627
Cash inflow from operating activities	4,752	4,681	40,481	44,618
INVESTING ACTIVITIES				
Purchase of marketable securities	(100,995)	3	(181,642)	(47,892)
Proceeds on maturity of marketable securities	43,577	90	144,817	146,986
Investment in funds	(531)	(5,466)	(3,831)	(16,429)
Proceeds from distribution of funds	577	17,519	3,985	30,931
Purchase of intangible assets	(4,407)	(153)	(22,931)	(220,351)
Other investing activities	(3,245)	(2,524)	(3,477)	1,476
Cash (outflow) inflow from investing activities	(65,024)	9,469	(63,079)	(105,279)
FINANCING ACTIVITIES				
Repurchase of common shares through Normal Course Issuer Bid	(8,684)	(23,508)	(30,069)	(64,415)
Principal repayment on bank loans	(12,095)	(5,688)	(17,542)	(20,599)
Proceeds from bank loans	51,361	7,098	51,783	9,423
Other financing activities	(724)	(788)	(2,410)	(2,719)
Cash inflow (outflow) from financing activities	29,858	(22,886)	1,762	(78,310)
(Decrease) in cash and cash equivalents during the period	(30,414)	(8,736)	(20,836)	(138,971)
Cash and cash equivalents, beginning of the period	101,822	92,490	85,963	229,592
Net foreign exchange difference	271	2,209	6,552	(4,658)
Cash and cash equivalents, end of the period	71,679	85,963	71,679	85,963
Cash and cash equivalents			71,679	85,963
Short-term marketable securities			85,826	63,539
Long-term marketable securities			15,169	-
Total cash, cash equivalents and marketable securities			172,674	149,502

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