



Source: Knight Therapeutics

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Knight Therapeutics Reports Fourth Quarter and Year-End 2021 Results and Provides 2022 Revenue Guidance

MONTREAL, March 24, 2022 (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, 2021. All currency amounts are in thousands except for share and per share amounts. All currencies are Canadian unless otherwise specified.

2021 Highlights

Financials

- Revenues were \$243,478, an increase of \$43,959 or 22% over prior year.
- Gross margin of \$115,412 or 47% compared to \$81,690 or 41% in prior year.
- Adjusted EBITDA¹ was \$38,005, an increase of \$21,168 or 126% over prior year.
- Net gain on financial assets measured at fair value through profit or loss of \$18,944.
- Net income was \$15,675, compared to net income of \$31,760 in prior year.
- Cash inflow from operations was \$44,618, compared to a cash outflow from operations of \$12,205 in prior year.

Corporate Developments

- Purchased 12,321,864 common shares through Knight's Normal Course Issuer Bid ("NCIB") at an average price of \$5.23 for an aggregate cash consideration of \$64,415.
- Performed leadership change with Samira Sakhia assuming role of CEO and Jonathan Goodman assuming role of Executive Chairman effective September 1, 2021.
- Promoted Amal Khouri to Chief Business Officer.
- Hired Jeff Martens as Global VP Commercial, Monica Percario as Global VP Scientific Affairs, Daniela Marino as Global VP Legal and Compliance and Susan Emblem as Global VP Human Resources.
- Shareholders re-elected James C. Gale, Jonathan Ross Goodman, Samira Sakhia, Robert N. Lande, Michael J. Tremblay, Nicolás Sujoy and Janice Murray on the Board of Directors.

Products

- Acquired, in May 2021, the exclusive rights to manufacture, market and sell Exelon® (rivastigmine) in Canada and Latin America for an upfront and milestone payment of \$217,331 [US\$180,000].
- Entered into exclusive supply and distribution agreement with Incyte for tafasitamab and pemigatinib for Latin America.
- Launched llsrela® (tenapanor) in Canada for the treatment of irritable bowel syndrome with constipation ("IBS-C").
- Obtained regulatory approval for NERLYNX® (neratinib) to treat subset of HER2-positive metastatic breast cancer patients in Canada.
- Obtained regulatory approval for Halaven® (eribulin mesylate) injection to treat locally advanced or metastatic breast cancer in Colombia and to treat advanced or metastatic liposarcoma.
- Obtained regulatory approval for Lenvima® (lenvatinib) to treat radioiodine refractory differentiated thyroid cancer ("RR-DTC") and unresectable hepatocellular carcinoma ("u-HCC") in Colombia.
- Obtained regulatory approval of Rembre® (dasatinib) to treat chronic myeloid leukemia in Colombia.

¹ *Adjusted EBITDA is a non-GAAP measure, refer to the definitions below for additional details.*

Strategic Investments

- Disposed of 315,600 common shares of Medexus for total proceeds of \$2,624 realizing a gain of \$1,639.
- Received distributions of \$30,931 from strategic fund investments, including \$10,906 (US\$8,774) final distribution from the liquidation of NEMO II fund, and realized a gain of \$16,644.

Subsequent Events

- Launched Lenvima® and Rembre® in Colombia in February 2022.
- Launched Halaven® in Colombia in March 2022.
- Hired Leopoldo Bosano as VP Manufacturing and Operations in March 2022.
- Purchased an additional 933,715 common shares through NCIB for an aggregate cash consideration of \$4,997.

"I am excited to announce that 2021 was a record-setting year in Knight's history, despite the ongoing challenges posed by the pandemic. During the year, we made significant strides towards completing the integration of the Grupo Biotoscana acquisition, all while strengthening the team and processes and driving strong performance.

As part of our integration activities, we completed the implementation of several key systems including, a global CRM, HR IS and a global pharmacovigilance system. In addition, we implemented ERP for 14 legal entities in 6 countries. We further strengthened Knight's management team with the addition of a Global VP Commercial, a Global VP Scientific Affairs, a Global VP Legal and Compliance and a Global VP Human Resources and most recently added a VP Manufacturing and Operations, to continue delivering on growth and operational excellence. Our business development team closed the acquisition of Exelon® and entered into an exclusive supply and distribution agreement with Incyte. Our regulatory team advanced our portfolio with the approval of Halaven®, Lenvima® and Rembre® in Colombia as well as the approval of Nerlynx®, while our commercial team continued to deliver on strong growth of our key brands.

It is thanks to the hard work of our employees that we achieved unprecedented results in 2021 and we are entering 2022 with a stronger platform that is well equipped to continue delivering on further growth and success." said Samira Sakhia, President and Chief Executive Officer of Knight Therapeutics Inc.

SELECT FINANCIAL RESULTS REPORTED UNDER IFRS

[In thousands of Canadian dollars]

	Q4-21	Q4-20	Change		YTD-21	YTD-20	Change	
			\$ ¹	% ²			\$ ¹	% ²
Revenues	58,273	55,191	3,082	6%	243,478	199,519	43,959	22%
Gross margin	28,195	20,060	8,135	41%	115,412	81,690	33,722	41%
Operating expenses ⁴	42,829	32,413	(10,416)	32%	128,244	112,346	(15,898)	14%
Net (loss) income	(8,301)	8,233	(16,534)	201%	15,675	31,760	(16,085)	51%
EBITDA ³	4,101	(832)	4,933	593%	35,865	7,761	28,104	362%
Adjusted EBITDA ³	5,696	1,771	3,925	222%	38,005	16,837	21,168	126%

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 below for additional details

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

SELECT FINANCIAL RESULTS AT CONSTANT CURRENCY

[In thousands of Canadian dollars]

	Q4-21	Q4-20	Variance		YTD-21	YTD-20	Variance	
			Excluding impact of IAS 29 ³					
	Constant Currency ³		\$ ¹	% ²	Constant Currency ³		\$ ¹	% ²
Revenues	56,358	53,407	2,951	6%	239,238	190,406	48,832	26%

Gross margin	28,634	21,705	6,929	32%	118,829	86,541	32,288	37%
Operating expenses ⁴	41,148	31,756	(9,392)	30%	122,890	106,920	(15,970)	15%
EBITDA ³	4,101	(1,193)	5,294	444%	35,865	5,122	30,743	600%
Adjusted EBITDA ³	5,696	1,354	4,342	321%	38,005	13,836	24,169	175%

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 definitions below for additional details

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

SELECT BALANCE SHEET ITEMS

[In thousands of Canadian dollars]

	Change			
	12-31-21	12-31-20	\$	% ¹
Cash, cash equivalents and marketable securities	149,502	392,225	(242,723)	62%
Trade and other receivables	103,875	116,510	(12,635)	11%
Inventory	72,397	56,505	15,892	28%
Financial assets	192,443	193,955	(1,512)	1%
Accounts payable and accrued liabilities	65,590	44,828	20,762	46%
Bank loans	35,927	51,770	(15,843)	31%

¹ Percentage change is presented in absolute values

Revenues: For the quarter ended December 31, 2021 revenues increased by \$3,082 or 6% compared to the same prior year period. On a constant currency basis, revenues increased by \$2,951 or 6%. The growth in revenues on a constant currency basis is explained as following:

- An increase in revenues of \$7,095 driven by the acquisition of Exelon®.
- An increase in revenues of \$1,612 or 13%, from \$12,559 to \$14,171, driven by the growth of our recently launched products, including Cresemba®, Lenvima®, Halaven®, Nerlynx®, Trelstar® and certain BGx products.
- The increase in revenues in Q4-21 vs. Q4-20 was offset by the buying pattern on certain of our infectious disease's products. It is estimated that approximately \$3,200 to \$4,200 of products purchased in Q3-21 was not utilized in that quarter and resulted in lower sales in Q4-21.

For the year ended December 31, 2021 revenues increased by \$43,959 or 22% compared to the same prior year period. On a constant currency basis, revenues increased by \$48,832 or 26%. The growth in revenues on a constant currency basis is explained as following:

- An estimated increase in revenues of approximately \$13,500 to \$16,300 driven by the increased demand of certain of our infectious diseases products to treat invasive fungal infections associated with COVID-19.
- An increase in revenues of \$21,187 driven by the acquisition of Exelon®
- An increase in revenues of \$15,135 or 45%, from \$33,897 to \$49,032 driven by the growth of our recently launched products, including, Cresemba®, Lenvima®, Halaven®, Nerlynx®, Trelstar® and certain BGx products.

Gross margin: For the quarter and year ended December 31, 2021, gross margin increased from 36% to 48% and from 41% to 47% respectively, compared to the same period in prior year due to a change in product mix, the acquisition of Exelon® and related revenues recorded as a net profit transfer, lower inventory provision recorded offset by the re-negotiation of certain license agreements and the depreciation of the LATAM currencies. For the quarter and year ended December 31, 2021, the gross margin would have been 51%, an increase of 3%, from 48% and 50%, an increase of 3%, from 47%, after excluding the adjustment of hyperinflation accounting in accordance with IAS 29.

Selling and marketing: For the quarter ended December 31, 2021, selling and marketing increased by \$1,773 or 20% and on a constant currency basis by \$1,155 or 13% as compared to the same prior year period, driven by an increase in certain variable costs such as logistics fees and annual incentive compensation as well as an increase in selling and marketing activities related to key promoted products and Exelon®.

For the year ended December 31, 2021, selling and marketing expenses increased by \$1,632 or 5% and on a constant currency basis by \$1,801 or 5% as compared to the prior year. Excluding the non-recurring costs and the allowance for expected credit losses, selling and marketing expenses increased by \$5,738 or 19%, from \$30,052 to \$35,790, due to an increase in certain variable costs such as logistics fees and annual incentive compensation as well as an increase in selling and marketing activities related to key promoted products and Exelon®.

General and administrative: For the year ended December 31, 2021, general and administrative expenses decreased by \$1,686 or 4% and on a constant currency basis by \$1,136 or 3% as compared to the same period in prior year. Excluding the non-recurring costs and acquisition costs including the Unified Tender Offer, general and administrative expenses for the year ended December 31, 2021, increased by \$2,953 or 10%, from \$30,914 to \$33,867, driven by an expense of \$1,210 related to the extension of the expiry date of certain stock options and an increase in cost related to the annual incentive compensation.

Amortization of intangible assets: For the quarter and year ended December 31, 2021, amortization of intangible assets increased by \$9,051, or 113% and \$15,641, or 61% respectively, mainly explained by the amortization of \$5,731 and \$13,686 related to Exelon®, the accelerated amortization of \$5,435 related to the discontinuation of certain distribution agreements partially offset by the depreciation of LATAM currencies.

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, 2021, interest income was \$2,196 and \$7,382, a decrease of 22% or \$611 and 48% or \$6,940 respectively, compared to the same period in prior year due to a lower average cash and marketable securities balances and loan balance.

Interest expense: For the quarter ended December 31, 2021 interest expense was \$1,331, an increase of \$1,003 or 306%, compared to the same period in prior year due to higher interest rates.

For the year ended December 31, 2021 interest expense was \$3,618, an increase of \$220 or 6%, compared to prior year due to a decrease in the average loan balance outstanding largely offset by higher interest rates.

Adjusted EBITDA: For the quarter ended December 31, 2021 adjusted EBITDA increased by \$3,925 or 222% and on a constant currency basis by \$4,342 or 321% compared to Q4-20. The growth in adjusted EBITDA is driven by an increase in gross margin of \$6,929 on a constant currency basis offset by an increase in operating expenses adjusted for non-recurring expenses.

For the year ended December 31, 2021 adjusted EBITDA increased by \$21,168 or 126% and on a constant currency basis by \$24,169 or 175% compared to the same prior year period. The growth in adjusted EBITDA is driven by an increase in gross margin of \$32,288 on a constant currency basis due to the increase in revenues offset by an increase in operating expenses adjusted for acquisition and transaction costs as well as non-recurring expenses.

Net loss or income: For the quarter ended December 31, 2021, net loss was \$8,301 compared to net income of \$8,233 for the same period last year. The variance mainly resulted from the above-mentioned items and (1) an income tax recovery of \$6,123 in the fourth quarter of 2021 due to the recognition of certain deferred tax assets compared to an income expense of \$2,618 in the prior year period as well as (2) a lower net gain on the revaluation of financial assets measured at fair value through profit or loss of \$2,300 in the fourth quarter of 2021 versus a net gain of \$25,418 in the prior year period mainly due to unrealized losses and gains on revaluation of the strategic fund investments.

For the year ended December 31, 2021, net income was \$15,675 compared to net income of \$31,760 in prior year. The variance mainly resulted from the above-mentioned items and (1) an income tax recovery of \$8,985 in 2021 due to the recognition of certain deferred tax assets compared to a prior year income tax expense of \$325 as well as (2) as well as a lower net gain on the revaluation of financial assets measured at fair value through profit or loss of \$18,944 in 2021 versus a net gain of \$48,060 in prior year mainly due to unrealized losses and gains on revaluation of the strategic fund investments.

Cash, cash equivalents and marketable securities: As at December 31, 2021, Knight had \$149,502 in cash, cash equivalents and marketable securities, a decrease of \$242,723 or 62% as compared to December 31, 2020. The variance is primarily due to cash outflows related to the acquisition of Exelon®, the shares repurchased through NCIB and the repayments of bank loans offset by cash generated from operating activities and our strategic fund investments.

Financial assets: As at December 31, 2021, financial assets were at \$192,443, a decrease of \$1,512 or 1%, as compared to the prior year, mainly due to an increase of \$19,329 due to mark-to-market adjustments offset by decrease of \$14,502 due to net distributions in Knight's fund investments, loan repayments of \$2,684 and disposal of equity investments of \$2,624 during the period. Given the nature of the fund investments there could be significant fluctuations in the fair value of the underlying assets.

Bank Loans: As at December 31, 2021, bank loans were at \$35,927, a decrease of \$15,843 or 31% as compared to the prior period, mainly due to loan repayment of \$20,599 and a \$4,674 decrease due to depreciation of LATAM currencies, partially offset by proceeds from bank loans of \$9,423.

Product Updates

On March 1, 2021 the Company launched Ibsrela® for the treatment of IBS-C. The Company entered into an exclusive licensing agreement with Ardelyx to commercialize Ibsrela® in Canada in March 2018. Ibsrela® is a first-in-class small molecule treatment for IBS-C. Ardelyx received regulatory approval for Ibsrela® from the US FDA in September 2019.

On May 26, 2021, the Company entered into an agreement with Novartis to acquire the exclusive rights to manufacture, market and sell Exelon®, in Canada and Latin America as well as an exclusive license to use the intellectual property and the Exelon trademark, from Novartis within those territories. Exelon® is a prescription product that was first approved in 1997 and is currently registered and sold in approximately 90 countries. Exelon® is indicated for the symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's disease and Parkinson's disease.

Knight has entered into a transition service agreement with Novartis until transfer of marketing authorization, on a country-by-country basis during which Knight will receive a net profit transfer. Knight will begin distributing Exelon® upon transfer of marketing authorization, on a country-by-country basis. Knight has submitted the transfer of marketing authorizations for Brazil, Colombia, Mexico and Chile. Furthermore, Knight has received the regulatory notification that the marketing authorization for Exelon® in Brazil will transfer to its affiliate in June 2022 and expects the marketing authorizations for other territories to start transferring in the second half of 2022.

On September 22, 2021, Knight entered into a definitive agreement with Incyte Biosciences International Sàrl, for the exclusive rights to distribute tafasitamab (sold as Monjuvi® in the United States and Minjuvi® in Europe) and pemigatinib (Pemazyre®) in Latin America. Under the terms of the agreement Knight will be responsible for seeking the necessary regulatory approvals and distributing both products in Latin America. Knight expects to submit tafasitamab in key LATAM countries in 2022 and pemigatinib in 2023.

Knight obtained regulatory approval for Rembre® in Colombia, indicated for treatment of chronic myeloid leukemia with positive Philadelphia chromosome (Ph+). The product was launched in Colombia in February 2022.

Knight obtained INVIMA approval for Lenvima® in Colombia, the orally available multiple receptor tyrosine kinase inhibitor developed by Eisai, for the treatment of RR-DTC and u-HCC. Knight launched Lenvima® in Colombia in February 2022.

Knight obtained INVIMA approval for Halaven® injection in Colombia, indicated for the treatment of adult patients with locally advanced or metastatic breast cancer which has continued to spread after at least two previous treatment for advanced cancer. Previous treatment should have included anthracyclines and a taxane in either the adjuvant or metastatic setting, unless these treatments were not suitable. Halaven® is also used to treat patients with advanced or metastatic liposarcoma that cannot be surgically removed and who have already been treated with an anthracycline, unless deemed unsuitable. Knight launched Halaven® in Colombia in March 2022.

NCIB

On July 12, 2021, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2021 NCIB"). Under the terms of the 2021 NCIB, Knight may purchase for cancellation up to 10,267,956 common shares of the Company which represented 10% of its public float as at December 31, 2021. The 2021 NCIB commenced on July 14, 2021 and will end on the earlier of July 13, 2022 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, 2021, the Company purchased 12,321,864 (2020: 5,748,716) common shares at an average price of \$5.23 (2020: \$6.40) for an aggregate cash consideration of \$64,415 (2020: \$36,787). Subsequent to 2021, the Company purchased an additional 933,715 common shares at an average purchase price of \$5.35 for an aggregate cash consideration of \$4,997.

Financial Outlook

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

For fiscal 2022, Knight expects to generate \$260 to \$265 million in 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 December 31, 2021
- discontinuation of certain distribution agreements
- Exelon® marketing authorization transfer to Knight in June 2022 in Brazil
- no interruptions in supply whether due to global supply chain disruptions or general manufacturing issues
- no new generic entrants on our key pharmaceutical brands
- no unforeseen changes to government mandated pricing regulations
- successful commercial execution on product listing arrangements with HMOs, insurers, key accounts, and public payers
- successful execution and uptake of newly launched products
- no significant restrictions or economic shut down due to the COVID-19 pandemic
- foreign currency exchange rates remaining within forecasted ranges

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

¹ *Revenues excluding the impact of IAS 29 is a non-GAAP measure, refer to the definitions below 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 24, 2022

Time: 8:30 a.m. ET

Telephone: Toll Free: 888-254-3590 or International 1-647-794-4605

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 owns Biotoscana Investments S.A., a pan-Latin American specialty pharmaceutical company. Knight's Latin American subsidiaries operate under United Medical, Biotoscana Farma and Laboratorio LKM. Knight Therapeutics Inc.'s shares trade on TSX under the symbol GUD. For more information about Knight Therapeutics Inc., please visit the company's web site at www.gud-knight.com or www.sedar.com.

Forward-Looking Statement

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

CONTACT INFORMATION:**Investor Contact:**

Knight Therapeutics Inc.

Samira Sakhia

President & Chief Executive Officer

T: 514.484.4483

F: 514.481.4116

Email: info@knighttx.comWebsite: www.gud-knight.com

Arvind Utchanah

Chief Financial Officer

T. +598.2626.2344

Email: info@knighttx.comWebsite: www.gud-knight.com**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:

	Q4-21				YTD-21			
	Reported under IFRS	Excluding impact of IAS 29 ¹	Variance		Reported under IFRS	Excluding impact of IAS 29 ¹	Variance	
			\$ ²	% ³			\$ ²	% ³
Revenues	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%
<i>Gross margin (%)</i>	48%	51%			47%	50%		
Expenses								
Selling and marketing	10,430	10,050	(380)	4%	37,217	36,395	(822)	2%
General and administrative	11,863	11,656	(207)	2%	37,159	35,591	(1,568)	4%
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 the definitions below for additional details

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

³ Percentage change is presented in absolute values

NON-GAAP MEASURES

[In thousands of Canadian dollars]

Non-GAAP measures

The Company discloses non-GAAP measures that do not have standardized meanings prescribed by IFRS. The Company believes that shareholders, investment analysts and other readers find such measures helpful in understanding the Company's financial performance and in interpreting the effect of the GBT Transaction on the

Company. 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.

Financial results at constant currency: 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.

Financial results at constant currency 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 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 (loss) adjusted to exclude amortization and impairment of intangible assets, depreciation, PPA accounting adjustments, and the impact of IAS 29 (accounting under hyperinflation) but to include costs related to leases. In addition, EBITDA does not reflect the portion of GBT's results attributable to the non-controlling interests.

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

Adjustments include the following:

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

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

	Q4-20				YTD-20			
	<i>Reported under IFRS</i>	<i>IAS 29 Adjustment</i>	<i>Constant Currency Adjustment</i>	<i>Constant Currency¹</i>	<i>Reported under IFRS</i>	<i>IAS 29 Adjustment</i>	<i>Constant Currency Adjustment</i>	<i>Constant Currency¹</i>
Revenues	55,191	1,485	(3,269)	53,407	199,519	3,017	(12,130)	190,406
Cost of goods sold	35,131	(1,362)	(2,067)	31,702	117,829	(5,268)	(8,696)	103,865
Gross margin	20,060	2,847	(1,202)	21,705	81,690	8,285	(3,434)	86,541
Expenses								
Selling and marketing	8,657	630	(392)	8,895	35,585	724	(1,715)	34,594
General and administrative	11,421	137	(378)	11,180	38,845	(631)	(1,487)	36,727
Research and development	3,690	94	(71)	3,713	11,725	232	(248)	11,709
Amortization of intangible assets	7,989	(367)	(310)	7,312	25,535	(506)	(1,795)	23,234
Impairment of intangible assets	656	—	—	656	656	—	—	656

Operating loss	(12,353)	2,353	(51)	(10,051)	(30,656)	8,466	1,811	(20,379)
EBITDA²	(832)	—	(361)	(1,193)	7,761	—	(2,639)	5,122
Adjusted EBITDA²	1,771	—	(417)	1,354	16,837	—	(3,001)	13,836

¹ Financial results at constant currency are non-GAAP measure, refer above for additional details

² 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

For the three-month period and year ended December 31, the Company calculated EBITDA and adjusted EBITDA as follows:

	Q4-21	Q4-20	Change		YTD-21	YTD-20	Change	
			\$ ¹	% ²			\$ ¹	% ²
Operating (loss)	(14,634)	(12,353)	(2,281)	18%	(12,832)	(30,656)	17,824	58%
Adjustments to operating (loss):								
Amortization of intangible assets	17,040	7,989	9,051	113%	41,176	25,535	15,641	61%
Impairment of intangible assets	—	656	(656)	100%	—	656	(656)	100%
Depreciation of property, plant and equipment and ROU assets	1,961	1,624	337	21%	6,739	6,540	199	3%
Lease costs (IFRS 16 adjustment)	(874)	(734)	(140)	19%	(3,016)	(3,139)	123	4%
Impact of PPA accounting	—	—	—	0%	—	865	(865)	100%
Impact of IAS 29	608	1,986	(1,378)	69%	3,798	7,960	(4,162)	52%
EBITDA	4,101	(832)	4,933	593%	35,865	7,761	28,104	362%
Acquisition and transaction costs	—	—	—	0%	432	3,693	(3,261)	88%
Other non-recurring expenses	1,595	2,603	(1,008)	39%	1,708	5,383	(3,675)	68%
Adjusted EBITDA³	5,696	1,771	3,925	222%	38,005	16,837	21,168	126%

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 above for additional details

CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

As at	December 31, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents	85,963	229,592
Marketable securities	63,539	147,316
Trade receivables	55,388	62,515

Other receivables	5,056	12,413
Inventories	72,397	56,505
Prepays and deposits	2,165	2,214
Other current financial assets	13,491	34,431
Income taxes receivable	6,970	7,115
Total current assets	304,969	552,101
Marketable securities	—	15,317
Prepays and deposits	3,046	4,208
Right-of-use assets	4,671	4,035
Property, plant and equipment	25,265	22,127
Investment properties	1,457	1,539
Intangible assets	350,299	156,547
Goodwill	75,403	77,725
Other financial assets	178,952	159,524
Deferred income tax assets	2,048	2,432
Other long-term receivables	43,431	41,582
	684,572	485,036
Assets held for sale	2,350	2,539
Total assets	991,891	1,039,676

CONSOLIDATED BALANCE SHEETS (continued)
[In thousands of Canadian dollars]

As at	December 31, 2021	December 31, 2020
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	65,309	44,512
Lease liabilities	1,614	1,875
Other liabilities	1,989	1,291
Bank loans	26,662	51,770
Income taxes payable	7,073	13,559
Other balances payable	2,655	1,053
Total current liabilities	105,302	114,060
Accounts payable and accrued liabilities	281	316
Lease liabilities	3,417	2,543
Bank loan	9,265	—
Other balances payable	19,235	14,900
Deferred income tax liabilities	12,373	21,616
Total liabilities	149,873	153,435
Shareholders' Equity		
Share capital	628,854	694,351
Warrants	117	117
Contributed surplus	21,776	18,731
Accumulated other comprehensive loss	(376)	(1,503)
Retained earnings	191,647	174,545
Total shareholders' equity	842,018	886,241

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

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

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Revenues	58,273	55,191	243,478	199,519
Cost of goods sold	30,078	35,131	128,066	117,829
Gross margin	28,195	20,060	115,412	81,690
Expenses				
Selling and marketing	10,430	8,657	37,217	35,585
General and administrative	11,863	11,421	37,159	38,845
Research and development	3,496	3,690	12,692	11,725
Amortization of intangible assets	17,040	7,989	41,176	25,535
Impairment of intangible assets	—	656	—	656
Operating loss	(14,634)	(12,353)	(12,832)	(30,656)
Interest income on financial instruments measured at amortized cost	(725)	(1,635)	(2,446)	(9,112)
Other interest income	(1,471)	(1,172)	(4,936)	(5,210)
Interest expense	1,331	328	3,618	3,398
Other income	(321)	(36)	(128)	(169)
Net gain on financial assets measured at fair value through profit or loss	(2,300)	(25,418)	(18,944)	(48,060)
Net gain on mandatory tender offer liability	—	—	—	(12,072)
Realized gain on sale of asset held for sale	—	—	—	(2,948)
Realized gain on automatic share purchase plan	—	—	—	(4,168)
Foreign exchange loss	3,485	4,490	3,737	14,156
(Gain) Loss on hyperinflation	(209)	239	(423)	1,444
(Loss) income before income taxes	(14,424)	10,851	6,690	32,085
Income tax				
Current	(2,642)	951	(1,349)	2,337
Deferred	(3,481)	1,667	(7,636)	(2,012)
Income tax (recovery) expense	(6,123)	2,618	(8,985)	325
Net (loss) income for the period	(8,301)	8,233	15,675	31,760
Attributable to:				
Shareholders of the Company	(8,301)	8,233	15,675	42,067
Non-controlling interests	—	—	—	(10,307)

Attributable to shareholders of the Company

Basic net (loss) earnings per share	(0.07)	0.06	0.13	0.32
Diluted net (loss) earnings per share	(0.07)	0.06	0.13	0.32

Weighted average number of common shares outstanding

Basic	120,112,158	130,104,506	124,480,259	131,783,255
Diluted	120,163,668	130,108,744	124,521,641	131,985,025

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of Canadian dollars]

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
OPERATING ACTIVITIES				
Net (loss) income for the period	(8,301)	8,233	15,675	31,760
Adjustments reconciling net income to operating cash flows:				
Depreciation and amortization	19,001	9,613	47,915	32,075
Net gain on financial instruments	(2,300)	(25,418)	(18,944)	(48,060)
Unrealized foreign exchange loss (gain)	3,968	(237)	2,881	9,429
Other operating activities	(1,589)	3,387	(900)	(13,833)
	10,779	(4,422)	46,627	11,371
Changes in non-cash working capital and other items	(6,098)	8,719	(2,009)	(23,576)
Cash inflow (outflow) from operating activities	4,681	4,297	44,618	(12,205)
INVESTING ACTIVITIES				
Purchase of marketable securities	3	—	(47,892)	(37,778)
Proceeds on maturity of marketable securities	90	10,264	146,986	237,263
Investment in funds	(5,466)	(756)	(16,429)	(15,766)
Acquisition of shares through mandatory tender offer	—	—	—	(170,855)
Proceeds from distribution of funds	17,519	2,132	30,931	29,128
Purchase of intangible assets	(153)	(1,265)	(220,351)	(15,289)
Proceeds on sale of asset held for sale	—	—	—	77,000
Other investing activities	(2,524)	(2,175)	1,476	(2,350)
Cash inflow (outflow) from investing activities	9,469	8,200	(105,279)	101,353
FINANCING ACTIVITIES				
Repurchase of common shares through Normal Course Issuer Bid	(23,508)	(1,786)	(64,415)	(36,787)
Principal repayment on bank loans	(5,688)	(6,495)	(20,599)	(14,714)
Proceeds from bank loans	7,098	13,583	9,423	24,581
Other financing activities	(788)	(677)	(2,719)	(2,313)
Cash (outflow) inflow from financing activities	(22,886)	4,625	(78,310)	(29,233)
(Decrease) increase in cash and cash equivalents during the period	(8,736)	17,123	(138,971)	59,916
Cash and cash equivalents, beginning of	92,490	218,091	229,592	174,268

the period

Net foreign exchange difference	2,209	(5,622)	(4,658)	(4,592)
Cash and cash equivalents, end of the period	85,963	229,592	85,963	229,592
Cash and cash equivalents			85,963	229,592
Short-term marketable securities			63,539	147,316
Long-term marketable securities			—	15,317
Total cash, cash equivalents and marketable securities			149,502	392,225