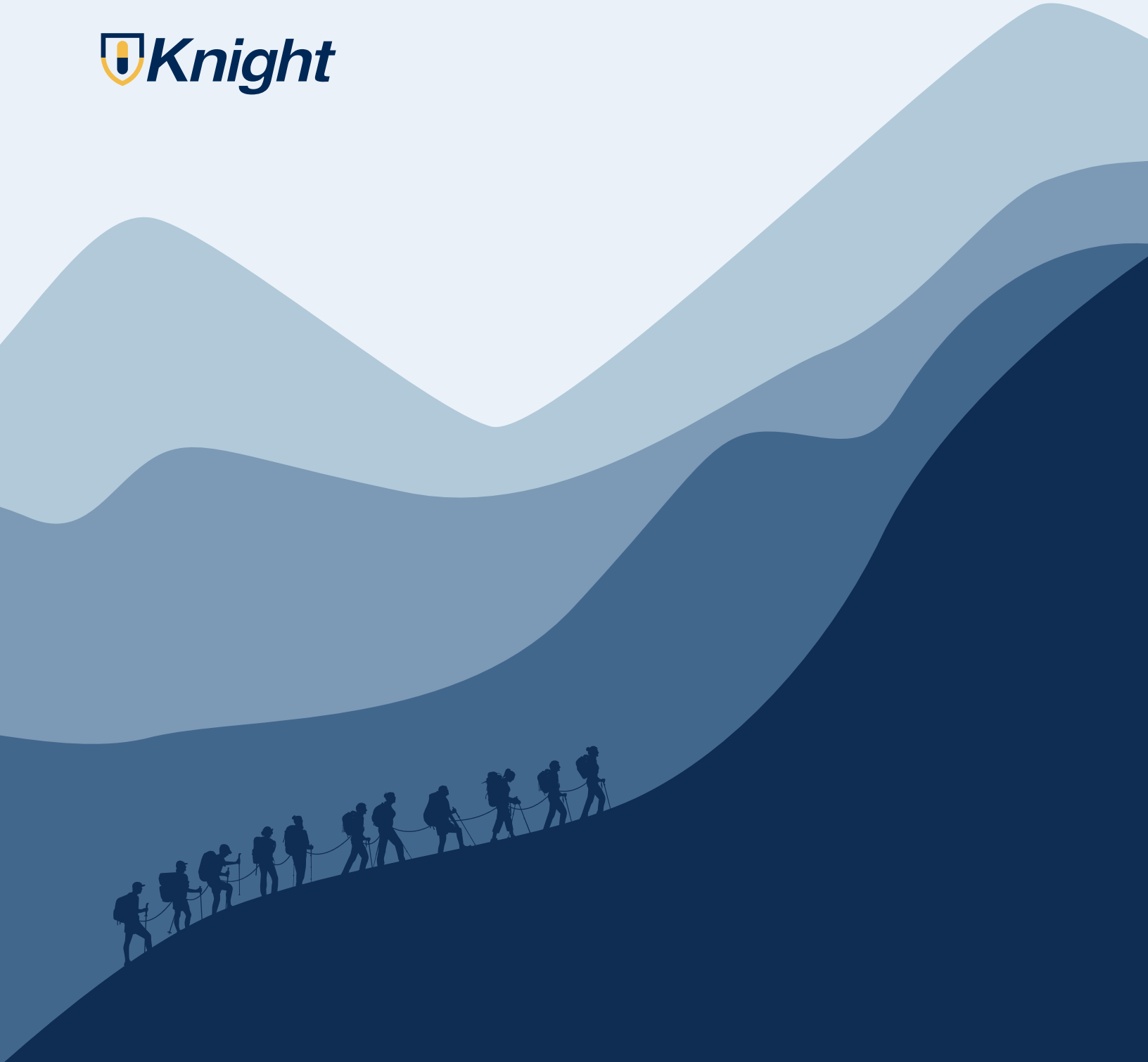
Knight



Annual Report 2023

Knight Therapeutics Inc.

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*Celebrating **10 Years** of Success!*

- Pan-American (ex US) platform of innovative and branded generic pharmaceuticals employing over 700 people
- Delivered consecutive years of record revenues since inception and EBITDA since 2019
- Portfolio of over 100 products and over 20 partners across Canada and Latin America
- Robust pipeline of 17 products across 11 countries
- Strong balance sheet to continue to acquire and in-license new products

2014

Knight founded as a Canadian public company

Closed bought deal offerings for total gross proceeds of over $355M

Acquired worldwide rights to Impavido®

Obtained regulatory approval for Impavido® in the U.S.

Obtained PRV upon regulatory approval of Impavido®

Generated US $125M from sale of PRV

2015

Out-licensed U.S. rights of Impavido®

2016

Closed bought deal offerings for total gross proceeds of over $330M

In-licensed Movantik® for Canada

Knight's commercialization partner launched Impavido® in the U.S.

2017

Relaunched Movantik® in Canada

2018

In-licensed Imvexxy®, Bijuva® & tenapanor for Canada

2019

Acquired 51.2% of Grupo Biotoscana

In-licensed Trelstar® for Canada

Submitted Ibsrela®, Imvexxy® and Bijuva® for regulatory approval in Canada

In-licensed Nerlynx® for Canada

Obtained regulatory approval & launched Nerlynx® in Canada

2020

Completed 100% acquisition of Grupo Biotoscana

Reported record revenues of $202M and record adjusted EBITDA of $17M

Obtained regulatory approval for Ibsrela®, Imvexxy® and Bijuva® in Canada

Obtained regulatory approval for Lenvima® & Halaven® in Ecuador

Launched Trelstar® in Canada

Launched Cresemba® in Brazil

Launched Karfib® in Argentina

2021

Reported record revenues of $239M and record adjusted EBITDA of $38M

Acquired exclusive rights for Exelon® in Canada and Latin America

In-licensed Minjuvi® & Pemazyre® for Latin America

In-licensed two branded generic molecules in CNS (C401) and Oncology/Hematology (H401) for select LATAM territories

Obtained regulatory approval for Rembre®, Lenvima® & Halaven® in Colombia

Launched Ibsrela® in Canada

2022

Reported record revenues of $292M and record adjusted EBITDA of $54M

In-licensed fostamatinib for select LATAM territories

In-licensed a branded generic molecule in CNS (C402/403) for select LATAM territories

In-licensed Akynzeo® for Canada & select territories in LATAM and Aloxi® for Canada

Relaunched Akynzeo® in Canada, Brazil & Argentina and Aloxi® in Canada

Launched Rembre®, Lenvima® & Halaven® in Colombia and Xetrane® in Argentina

2023

Reported record revenues of $343M and record adjusted EBITDA of $60M

Returned close to $240M to shareholders through the NCIB program since program inception in 2019

In-licensed Qelbree™ for Canada

In-licensed a branded generic molecule in Oncology/Hematology (H402) for Brazil

Obtained regulatory approval for Bapocil® & Xetrane® in Chile

Launched Palbocil® in Argentina

Recognized as one of Canada's Top Growing Companies for the 3rd consecutive year by The Globe & Mail

2024

Celebrated first decade of success

Obtained regulatory approval for Karfib® in Colombia

In-licensed IPX203 for Canada and Latin America

Launched Minjuvi® in Brazil

Launched Imvexxy® and Bijuva® in Canada

Recognized for executive gender diversity in The Globe & Mail's Report on Business Women Lead Here for 3rd consecutive year

Message to our Shareholders

Dear Shareholders of Knight,

Since its inception on February 28, 2014, Knight has embarked on a remarkable journey, achieving significant milestones, and executing a strategic vision that sets us apart. As we reflect on our journey, we are pleased to share some key accomplishments that underscore our commitment to building a profitable pan-American (ex US) company commercializing both innovative and branded generic pharmaceuticals products:

1. **Built a Unique Platform in Canada & Latin America:** We built a profitable pan-American (ex US) platform for innovative and branded generic pharmaceuticals. With over $925 million invested, we operate across 11 countries, including Canada and 10 Latin American markets. Our 700+ talented employees form the backbone of our fully integrated company, covering regulatory affairs, quality, pharmacovigilance, compliance, medical services, market access, marketing, sales, finance and supply chain as well as branded generic development and manufacturing capabilities in Argentina.
2. **Delivered Profitable Growth:** We achieved consecutive years of record revenues since 2014 and record EBITDA since 2019. In 2023, we delivered record results with revenues over $343 million and adjusted EBITDA over $60 million. In addition, we have delivered a CAGR of 19% on revenues and 53% on adjusted EBITDA from 2020, the year we completed the acquisition of Grupo Biotoscana.
3. **Partner of Choice:** Our platform offers a one-stop-shop solution for biotech and pharmaceutical companies seeking a commercialization partner in our 11 territories. Since the completion of the acquisition of Biotoscana, we have entered into 11 new partnerships for 13 innovative and branded generic products.
4. **Strong Pipeline in early launch or various stages of development:** We have assembled a pipeline of 17 products across our territories expected to be launched by 2028. These products are projected to generate over $120 million in peak revenues. We have advanced the pipeline with the submission of 8 of these products for regulatory approval in at least one country.

We remain well positioned for future success with our unique and profitable pan-American (ex-US) platform, strong pipeline and a strong balance sheet. We will continue to be focused on our mission to acquire, in-license, develop and commercialize medicines and high-quality pharmaceuticals to improve the health of patients in Latin America and Canada.

(signed) Jonathan Ross Goodman

Jonathan Ross Goodman *B.A., LL.B, MBA*
Executive Chairman

(signed) Samira Sakhia

Samira Sakhia *MBA*
President & Chief Executive Officer

Management's Discussion and Analysis for the year ended December 31, 2023

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

The following is Management's Discussion and Analysis of the financial condition and operating results of Knight Therapeutics Inc. ("Knight" or the "Company") for the year ended December 31, 2023. This document should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2023. Knight's audited annual consolidated financial statements as at December 31, 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS). All amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

This discussion and analysis was prepared by management from information available as of March 20, 2024. Further information about Knight Therapeutics Inc., including the Annual Information Form, is available online on SEDAR+ at www.sedarplus.ca.

Cautionary note regarding forward-looking statements

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

Management's Discussion and Analysis for the year ended December 31, 2023
(In thousands of Canadian dollars, except for share and per share amounts)

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GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar
H2-24	Second half of 2024
Q4-23	Fourth quarter of 2023
Q3-23	Third quarter of 2023
Q2-23	Second quarter of 2023
Q1-23	First quarter of 2023
Q4-22	Fourth quarter of 2022
H1-22	First half of 2022
Q3-22	Third quarter of 2022
Q2-22	Second quarter of 2022
Q1-22	First quarter of 2022

Abbreviation	Company
60P	60^{o} Pharmaceuticals LLC
Advaxis	Advaxis Pharmaceuticals Inc.
Antibe	Antibe Therapeutics Inc.
Ardelyx	Ardelyx, Inc.
Basilea	Basilea Pharmaceuticals Ltd.
Bloom Burton	Bloom Burton Healthcare Lending Trust[2]
BMS	Bristol-Myers Squibb
GBT	Biotoscana Investments S.A.
Helsinn	Helsinn Healthcare SA
IFC	International Finance Corporation
Incyte	Incyte Biosciences International Sàrl
IQVIA	IQVIA Incorporated, a leading pharmaceutical market research organization
Knight or the Company	Knight Therapeutics Inc.
Moksha8	Moksha8, Inc.
NEMO II	New Emerging Medical Opportunities Fund II Ltd.
NEMO III	New Emerging Medical Opportunities Fund III Ltd.
Novartis	Novartis AG, Novartis Pharma AG or their affiliates
Profound	Profound Medical Inc.
Puma	Puma Biotechnology, Inc.
REPL	Replimune Group, Inc.
Rigel	Rigel Pharmaceuticals, Inc.
RSU	Restricted share units
Sectoral	Sectoral Asset Management Inc.
SGS	Singular Genomics Systems, Inc.
Synergy	Synergy CHC Corp.
Triumvira	Triumvira Immunologics Inc.
TXMD	TherapeuticsMD, Inc.

Management's Discussion and Analysis for the year ended December 31, 2023

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

Abbreviation	Financial
Annual Financial Statements	Audited annual consolidated financial statements
ARS	Argentine Peso
BOB	Bolivian Boliviano
BRL	Brazilian Real
C$ or $ or CAD	Canadian Dollar
CDI	Certificados de Depositos Interfinancieros (Brazil interbank lending rate)
CHF	Swiss Franc
CLP	Chilean Peso
COP	Colombian Peso
DC&P	Disclosure Controls and Procedures
DSU	Deferred share units
ECL	Expected credit loss
EPS	Earnings per share to common shareholders
EUR	Euro
FMV	Fair market value
FVTPL	Fair value through profit or loss
GAAP	Generally accepted accounting principles
G&A	General and administrative
IBR	Indicador Bancario de Referencia (Central Bank of Colombia interbank lending rate)
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
MXN	Mexican Peso
PEN	Peruvian Sol
PSU	Performance share units
PYG	Paraguayan Guarani
R&D	Research and development
ROU	Right-of-use
S&M	Selling and marketing
US$/USD	U.S. Dollar
UYU	Uruguayan Peso
WAFV	Weighted average fair value

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

Management's Discussion and Analysis for the year ended December 31, 2023

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

Abbreviation	Other
ANMAT	Argentinian health authority regulatory agency
ANVISA	Brazilian Health Regulatory Agency
ART	Antiretroviral Therapy
ASPP	Automatic share purchase plan
BGx	Branded Generic Pharmaceutical Product
CEO	Chief Executive Officer
CMED	Drugs Market Regulation Chamber
COFEPRIS	Federal Commission for the Protection against Sanitary Risk
CRA	Canada Revenue Agency
ERP	Enterprise Resource Planning
ESPP	Employee Share Purchase Plan
FDA	Federal Drug Agency
HCC	Unresectable hepatocellular carcinoma
HCV	Human hepatitis virus infection
HIV	Human immunodeficiency virus infection
HMO	Health Maintenance Organization
IBS-C	Irritable Bowel Syndrome with Constipation
MOH	Ministry of Health of Brazil
NCIB	Normal Course Issuer Bid
NDA	New Drug Application
NDS	New Drug Submission
NIHB	Non-Insured Health Benefits for First Nations and Inuit Program
NON	Notice of Non-Compliance
pERC	Pan-Canadian Oncology Drug Review Expert Review Committee
PMPRB	Patented Medicine Prices Review Board
PRV	Priority Review Voucher
QRA	Quebec Revenue Agency
RR-DTC	Radioiodine refractory differentiated thyroid cancer

Management's Discussion and Analysis for the year ended December 31, 2023
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OVERVIEW

Section 1 – About Knight Therapeutics Inc.

Knight Therapeutics Inc. is a specialty pharmaceutical company, headquartered in Montreal, Canada, and is listed on the Toronto Stock Exchange under the ticker symbol "GUD". The Company operates in Canada, Latin America and select international markets and the activities performed are as follows:

- Principal business activity is developing, acquiring, in-licensing, out-licensing, manufacturing, marketing and distributing pharmaceutical products in Canada, Latin America and select international markets.
- Finances other life sciences companies with the goal of strengthening relationships in the life science industry and securing product distribution rights for Canada and select international markets.
- Invests in life sciences venture capital funds whereby the Company may receive preferential access to innovative healthcare products for Canada and select international markets.
- Develops innovative pharmaceutical products including those to treat neglected tropical and rare pediatric diseases.

Section 2 – 2023 Highlights

Financial results

- Revenues were $328,199, an increase of $34,636 or 12% over prior year.
- Revenues excluding IAS 29 were $343,138, an increase of $51,368 or 18% over prior year.
- Gross margin was $152,652 or 47% compared to $138,061 or 47% in prior year.
- Adjusted EBITDA[1] was $60,075, an increase of $6,043 or 11% over prior year.
- Adjusted EBITDA per share[1] was $0.59, an increase of $0.11 or 23% over prior year.
- Net loss on financial assets measured at fair value through profit or loss was $10,224.
- Net loss was $16,835, compared to $29,892 in prior year.
- Cash inflow from operations was $35,939, a decrease of $9,061 or 20% over prior year.

Corporate developments

- Launched a NCIB in July 2023 to purchase up to 5,999,524 common shares of the Company over the next 12 months.
- Purchased 11,125,288 common shares through Knight's NCIB at an average price of $4.82 for aggregate cash consideration of $53,479.
- In January 2024, Henrique Dias and Melanie Groleau were promoted to Global VP Marketing and Global VP Medical and Clinical, respectively.

Products

Q1-23

- Submitted marketing authorization for Minjuvi® (tafasitamab) in combination with lenalidomide in Argentina.
- Launched Palbocil® (palbociclib) in Argentina.
- Obtained regulatory approval for Bapocil® (palbociclib) in Chile.

Q2-23

- Submitted Pemazyre® (pemigatinib) for regulatory approval in Argentina and Mexico.
- Submitted Minjuvi® (tafasitamab) for regulatory approval in Mexico.
- Submitted Rembre® (dasatinib) and Karfib® (carfilzomib) for regulatory approval in Chile.
- Obtained regulatory approval for Xetrane® (pomalidomide) in Chile.

Q3-23

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

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Q4-23
- In-licensed Qelbree™ (viloxazine) for Canada.
- Obtained price approval from CMED for Minjuvi® (tafasitamab) in Brazil.
- Submitted marketing authorization for Pemazyre® (pemigatinib) in Brazil.

Subsequent to year-end
- In-licensed IPX203 (carbidopa and levodopa extended-release capsules) for Canada and Latin America.
- Submitted fostamatinib for ANVISA approval in Brazil.
- Obtained regulatory approval for Karfib® (carfilzomib) in Colombia.
- Launched Minjuvi® (tafasitamab) in Brazil.
- Launched Bijuva® (estradiol and progesterone) and Imvexxy® (estradiol vaginal inserts) in Canada.

[1] *Adjusted EBITDA and Adjusted EBITDA per share are non-GAAP measures. Refer to section 3.5 - Non-GAAP Measures for additional details.*

FINANCIAL RESULTS

Section 3 – Results of Operations

3.1 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 loss 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:

	January	February	March	April	May	June	July	August	September	October	November	December
2023	2.94	2.75	2.56	2.36	2.19	2.07	1.94	1.73	1.53	1.42	1.25	1.00
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

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

	Q4-23				YTD-23			
	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]
Revenues	**74,197**	**88,402**	(14,205)	16%	**328,199**	**343,138**	(14,939)	4%
Cost of goods sold	**39,982**	**45,963**	5,981	13%	**175,547**	**176,948**	1,401	1%
Gross margin	**34,215**	**42,439**	(8,224)	19%	**152,652**	**166,190**	(13,538)	8%
Gross margin (%)	***46%***	***48%***			***47%***	***48%***		
Expenses								
Selling and marketing	**10,816**	**14,371**	3,555	25%	**46,279**	**50,006**	3,727	7%
General and administrative	**8,109**	**9,548**	1,439	15%	**37,414**	**38,632**	1,218	3%
Research and development	**4,258**	**6,561**	2,303	35%	**17,549**	**19,937**	2,388	12%
Amortization of intangible assets	**11,115**	**11,163**	48	—	**45,040**	**44,952**	(88)	—
Impairment of intangible assets	**9,260**	**9,260**	—	—%	**9,260**	**9,260**	—	—%
Operating income (loss)	**(9,343)**	**(8,464)**	(879)	10%	**(2,890)**	**3,403**	(6,293)	185%

[1] *Financial results excluding the impact of hyperinflation is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*
[2] *A positive variance represents a positive impact on net income (loss) due to the application of IAS 29 and a negative variance represents a negative impact on net income (loss) due to the application of IAS 29.*
[3] *Percentage change is presented in absolute values.*

	Q4-22				YTD-22			
	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]	Reported under IFRS	Excluding impact of IAS 29[1]	Variance $[2]	Variance %[3]
Revenues	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)	8662%	23,984	2,330	(21,654)	929%
Operating loss	**(31,050)**	**(4,242)**	(26,808)	632%	**(41,044)**	**(799)**	(40,245)	5037%

[1] *Financial results excluding the impact of hyperinflation is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*
[2] *A positive variance represents a positive impact to net income (loss) due to the application of IAS 29 and a negative variance represents a negative impact to net income (loss) due to the application of IAS 29.*
[3] *Percentage change is presented in absolute values.*

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3.2 Impact of 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 functional currency of the subsidiaries of Knight:

Subsidiary	Country	Functional currency
Knight Therapeutics International S.A.	Uruguay	USD
Knight Therapeutics USA Inc.	U.S.	USD
11718991 Canada Inc.	Canada	CAD
Knight Therapeutics Europe S.A.	Luxembourg	USD
Biotoscana Ecuador S.A.	Ecuador	USD
Biotoscana Farma de Perú S.A.C.	Peru	PEN
Biotoscana Farma S.A.	Argentina	ARS
Biotoscana Farma S.A.	Colombia	COP
Biotoscana Colveh 1 S.A.S	Colombia	COP
Biotoscana Colveh 2 S.A.S	Colombia	COP
Biotoscana Colveh 3 S.A.S	Colombia	COP
Biotoscana Colveh 4 S.A.S	Colombia	COP
Biotoscana Uruguay S.A.	Uruguay	UYU
Grupo Biotoscana de Especialidad S.A. de C.V.	Mexico	MXN
Grupo Biotoscana Panamá S.A.	Panama	USD
Grupo Biotoscana S.L.U.	Spain	USD
Laboratorio Biotoscana Farma S.p.A.	Chile	CLP
Laboratorio LKM S.A.	Argentina	ARS
Latin American Pharma Company ETVE S.L.U.	Spain	USD
Laboratorio LKM Bolivia S.A.	Bolivia	BOB
Laboratorio LKM Chile S.p. A.	Chile	CLP
LKM Laboratorios Ecuador S.A.	Ecuador	USD
Laboratorio LKM Paraguay S.A.	Paraguay	PYG
GBT - Grupo Biotoscana S.A.	Uruguay	USD
UM - Industria e Distribuidora de Medicamentos Ltda.	Brazil	BRL
United Medical Ltda.	Brazil	BRL

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The table below summarizes the average foreign exchange rates used for the conversion of selected currencies:

Rates	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
BRL	**3.64**	3.64	3.69	3.84	3.87	4.02	3.85	4.12
ARS	**304**	229	172	142	119	104	92	84
COP	**2,992**	3,019	3,298	3,525	3,550	3,363	3,074	3,093
CLP	**659**	635	596	600	674	712	660	639
USD	**0.735**	0.746	0.745	0.740	0.736	0.766	0.783	0.790

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

Variance (%)[1]	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
BRL	**—**	1%	4%	1%	4%	(4%)	7%	7%
ARS	**(33%)**	(33%)	(21%)	(19%)	(15%)	(12%)	(10%)	(6%)
COP	**1%**	8%	6%	1%	(6%)	(9%)	1%	—
CLP	**(4%)**	(6%)	1%	11%	5%	(8%)	(3%)	3%
USD	**2%**	—	(1%)	—	4%	2%	1%	1%

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

Impact
Exchange rate fluctuations of foreign 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, EUR and CHF); and,
ii. Translational impact: translation of functional currency operating results to reporting currency in CAD.

Management's Discussion and Analysis for the year ended December 31, 2023
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3.3 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.

	Q4-23	Q4-22	Variance		YTD-23	YTD-22	Variance	
			Excluding impact of IAS 29[1]					
		Constant Currency[1]	$[2]	%[3]		*Constant Currency[1]*	$[2]	%[3]
Revenues	**88,402**	89,038	(636)	1%	**343,138**	305,499	37,639	12%
Cost of goods sold	**45,963**	45,118	(845)	2%	**176,948**	148,234	(28,714)	19%
Gross margin	**42,439**	43,920	(1,481)	3%	**166,190**	157,265	8,925	6%
Gross margin (%)	***48%***	*49%*			***48%***	*51%*		
Expenses								
Selling and marketing	**14,371**	15,861	1,490	9%	**50,006**	49,734	(272)	1%
General and administrative	**9,548**	10,389	841	8%	**38,632**	38,597	(35)	—
Research and development	**6,561**	4,160	(2,401)	58%	**19,937**	14,130	(5,807)	41%
Amortization of intangible assets	**11,163**	16,570	5,407	33%	**44,952**	50,486	5,534	11%
Impairment of non-current assets	**9,260**	250	(9,010)	3604%	**9,260**	2,330	(6,930)	297%
Operating income (loss)	**(8,464)**	(3,310)	(5,154)	156%	**3,403**	1,988	1,415	71%
EBITDA[1]	**12,001**	14,129	(2,128)	15%	**60,019**	57,326	2,693	5%
Adjusted EBITDA[1]	**12,057**	14,636	(2,579)	18%	**60,075**	57,833	2,242	4%
Adjusted EBITDA per share[1]	**0.12**	0.13	(0.01)	7%	**0.59**	0.51	0.09	17%

[1] *Financial results at constant currency, excluding the impact of hyperinflation, EBITDA, adjusted EBITDA and adjusted EBITDA per share are non-GAAP measures. Refer to Section - 3.5 Non-GAAP measures and Reconciliation to adjusted EBITDA for additional details.*
[2] *A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).*
[3] *Percentage change is presented in absolute values.*

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

	Q4-22				YTD-22			
	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	81,655	2,151	5,232	89,038	293,563	(1,793)	13,729	305,499
Cost of goods sold	44,767	(2,892)	3,243	45,118	155,502	(14,091)	6,823	148,234
Gross margin	36,888	5,043	1,989	43,920	138,061	12,298	6,906	157,265
Expenses								
Selling and marketing	14,402	671	788	15,861	48,474	(391)	1,651	49,734
General and administrative	10,336	(253)	306	10,389	40,150	(2,699)	1,146	38,597
Research and development	4,140	(97)	117	4,160	14,755	(1,022)	397	14,130
Amortization of intangible assets	17,156	(432)	(154)	16,570	51,742	(2,181)	925	50,486
Impairment of non-current assets	21,904	(21,654)	—	250	23,984	(21,654)	—	2,330
Operating income (loss)	(31,050)	26,808	932	(3,310)	(41,044)	40,245	2,787	1,988

[1] *Financial results at constant currency is a non-GAAP measure. Refer to Section - 3.5 Non-GAAP measures for additional details.*

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3.4 Consolidated statement of loss

			Change				Change	
	Q4-23	Q4-22	**$[1]**	**%[2]**	**YTD-23**	YTD-22	**$[1]**	**%[2]**
Revenues	**74,197**	81,655	(7,458)	9%	**328,199**	293,563	34,636	12%
Cost of goods sold	**39,982**	44,767	4,785	11%	**175,547**	155,502	(20,045)	13%
Gross margin	**34,215**	36,888	(2,673)	7%	**152,652**	138,061	14,591	11%
Gross margin (%)	***46%***	*45%*			***47%***	*47%*		
Expenses								
Selling and marketing	**10,816**	14,402	3,586	25%	**46,279**	48,474	2,195	5%
General and administrative	**8,109**	10,336	2,227	22%	**37,414**	40,150	2,736	7%
Research and development	**4,258**	4,140	(118)	3%	**17,549**	14,755	(2,794)	19%
Amortization of intangible assets	**11,115**	17,156	6,041	35%	**45,040**	51,742	6,702	13%
Impairment of non-current assets	**9,260**	21,904	12,644	58%	**9,260**	23,984	14,724	61%
Operating loss	**(9,343)**	(31,050)	21,707	70%	**(2,890)**	(41,044)	38,154	93%
Interest income on financial instruments measured at amortized cost	**(2,449)**	(1,922)	527	27%	**(8,667)**	(4,072)	4,595	113%
Other interest income	**(632)**	(2,341)	(1,709)	73%	**(3,908)**	(6,560)	(2,652)	40%
Interest expense	**4,090**	2,293	(1,797)	78%	**12,488**	6,600	(5,888)	89%
Other (income) loss	**(782)**	1,964	2,746	140%	**(2,905)**	(4,025)	(1,120)	28%
Net (income) loss on financial instruments measured at fair value through profit or loss	**7,878**	(8,824)	(16,702)	189%	**10,224**	20,677	10,453	51%
Foreign exchange (gain) loss	**9,007**	1,663	(7,344)	442%	**15,169**	(7,442)	(22,611)	304%
Gain on hyperinflation	**(303)**	(748)	(445)	59%	**(3,303)**	(2,262)	1,041	46%
Loss before income taxes	**(26,152)**	(23,135)	(3,017)	13%	**(21,988)**	(43,960)	21,972	50%
Income taxes								
Current	**722**	882	160	18%	**3,973**	3,057	(916)	30%
Deferred	**(2,548)**	(8,829)	(6,281)	71%	**(9,126)**	(17,125)	(7,999)	47%
Income tax (recovery) expense	**(1,826)**	(7,947)	(6,121)	77%	**(5,153)**	(14,068)	(8,915)	63%
Net loss	**(24,326)**	(15,188)	(9,138)	60%	**(16,835)**	(29,892)	13,057	44%
Basic and diluted net loss per share	**(0.23)**	(0.13)	(0.10)	77%	**(0.16)**	(0.26)	0.10	40%
EBITDA[3]	**12,001**	13,330	(1,329)	10%	**60,019**	53,541	6,478	12%
Adjusted EBITDA[3]	**12,057**	13,821	(1,764)	13%	**60,075**	54,032	6,043	11%
Adjusted EBITDA per share[3]	**0.12**	0.12	—	—	**0.59**	0.48	0.11	23%

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).
[2] Percentage change is presented in absolute values.
[3] EBITDA, adjusted EBITDA and adjusted EBITDA per share are non-GAAP measures. Refer to Section - 3.5 Non-GAAP measures and Reconciliation to adjusted EBITDA for additional details.

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Revenues

Q4-23 vs Q4-22	Q4-23 *Excluding impact of IAS 29*[3]	Q4-22 *Excluding impact of IAS 29*[3]	Q4-22 *Constant Currency*[4]	Change *Excluding impact of IAS 29*[3]	
Therapeutic Area	$	$	$	$[1]	%[2]
Oncology/Hematology	**34,373**	29,343	**31,624**	5,030	17%
Infectious Diseases	**35,012**	32,744	**34,626**	2,268	7%
Other Specialty	**19,017**	21,719	**22,788**	(2,702)	12%
Total	**88,402**	83,806	**89,038**	4,596	5%

[1] *A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).*

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

[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

[4] *Revenues at constant currency is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

For the quarter ended December 31, 2023, excluding the impact of hyperinflation, revenues increased by $4,596 or 5% compared to the same period in prior year. The appreciation of select LATAM currencies led to an increase in revenues of $5,232 in Q4-23 compared to Q4-22.

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

- **Oncology/Hematology**: The oncology/hematology portfolio grew by approximately $7,114 primarily due to continued growth of key promoted products including Lenvima®, Trelstar®, Palbocil® launched in Argentina in Q1-23, as well as the growth and assumption of commercial activities of Akynzeo® in Brazil, Argentina and Canada in 2022. The increase was offset by a reduction of approximately $2,084 in revenues for our mature and branded generics products due to their lifecycle including the entrance of new competitors.
- **Infectious Diseases**: The increase in the infectious disease portfolio was driven by the appreciation of select LATAM currencies and the growth of Cresemba®. Knight delivered $4,800 in Q4-23 and $7,000 in Q4-22 under the AmBisome® MOH Contract. However, there was no significant variance in the total revenues of AmBisome® between Q4-23 and Q4-22.
- **Other Specialty**: The decrease in the other specialty portfolio was primarily driven by the purchasing patterns of certain customers.

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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:

- Innovative – Promoted portfolio: consists of products on which the Company invest in commercial activities such as sales force promotion and 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 the portfolio defined on a country-by-country basis 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, 2023, excluding the impact of IAS 29, the Company generated $74,500 or 84% of total revenues from its innovative portfolio and $13,902 or 16% of total revenues from its BGx portfolio.

	Q4-23 *Excluding impact of IAS 29*[3]	**Q4-22** *Excluding impact of IAS 29*[3]	**Change** *Excluding impact of IAS 29*[3]	
Product portfolio	$	$	$[1]	%[2]
Innovative - Promoted	**62,645**	54,270	8,375	15%
Innovative - Mature	**11,740**	13,399	(1,659)	12%
Total excluding discontinued	**74,385**	67,669	6,716	10%
Innovative - Discontinued	**115**	735	(620)	84%
Total Innovative	**74,500**	68,404	6,096	9%
BGx - New Launches	**2,152**	1,887	265	14%
BGx - Mature[4]	**11,538**	12,773	(1,235)	10%
Total excluding discontinued	**13,690**	14,660	(970)	7%
BGx - Discontinued	**212**	742	(530)	71%
Total BGx	**13,902**	15,402	(1,500)	10%
Total	**88,402**	83,806	4,596	5%

[1] *A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).*

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

[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

[4] *After 3 years from a product's initial launch, it transitions from "New Launch" to "Mature", including comparative figures from prior periods.*

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Product portfolio	Change Excluding impact of IAS 29[3] $[1]	% [2]	
Innovative - Promoted	8,375	15%	• Increased due to continued growth of key promoted products including Lenvima®, Akynzeo®, Cresemba® and Trelstar®
Innovative - Mature	(1,659)	12%	• Decreased due to the purchasing patterns of certain customers as well as the lifecycle of the portfolio
Innovative - Discontinued	(620)	84%	• Decreased due to the planned transition and termination agreement of the Gilead amendment effective July 1, 2022
Total Innovative	**6,096**	**9%**	
BGx - New Launches	265	14%	• No significant variance
BGx - Mature	(1,235)	10%	• Decreased due to the lifecycle of products including entrance of new competition
BGx - Discontinued	(530)	71%	• Decreased due to the discontinuation of the products at the end of their lifecycle
Total BGx	**(1,500)**	**10%**	
Total	**4,596**	**5%**	

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).

[2] Percentage change is presented in absolute values.

[3] Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.

YTD-23 vs YTD-22

Therapeutic Area	YTD-23 *Excluding impact of IAS 29*[3] $	YTD-22 *Excluding impact of IAS 29*[3] $	YTD-22 *Constant Currency*[4] $	Change *Excluding impact of IAS 29*[3] $[1]	% [2]
Oncology/Hematology	**122,736**	105,464	**110,235**	17,272	16%
Infectious Diseases	**140,671**	116,530	**122,644**	24,141	21%
Other Specialty	**79,731**	69,776	**72,620**	9,955	14%
Total	**343,138**	291,770	**305,499**	51,368	18%

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).

[2] Percentage change is presented in absolute values.

[3] Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.

[4] Revenues at constant currency is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.

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For the year ended December 31, 2023, excluding the impact of hyperinflation, revenues increased by $51,368 or 18% compared to the same period in prior year. The appreciation of select LATAM currencies led to an increase in revenues of $13,729 in 2023 compared to 2022.

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

- **Oncology/Hematology**: The oncology/hematology portfolio grew by approximately $27,380 primarily due to continued growth of key promoted products including Lenvima®, Trelstar®, Palbocil®, launched in Argentina in Q1-23, as well as the growth and assumption of commercial activities of Akynzeo® in Brazil, Argentina and Canada in 2022. The increase was offset by a reduction of approximately $ 10,108 in revenues of our mature and branded generics products due to their lifecycle including the entrance of new competitors.
- **Infectious Diseases**: The infectious disease portfolio grew by approximately $31,897 excluding the impact of the planned transition and termination of the Gilead Amendment. The increase was driven by the growth of our key promoted products including AmBisome® and Cresemba® as well as higher demand for Impavido®. The increase included $18,200 of incremental revenues related to the contract with MOH for AmBisome®.

  MOH Contract: The Company signed a contract with the Ministry of Health of Brazil for AmBisome® in December 2022 ("MOH Contract"). Knight delivered a total of $34,600 under the MOH Contract as follows: $7,000 in 2022, $25,200 in 2023 ($2,400 in Q1-23, $18,000 in Q2-23 and $4,800 in Q4-23) and $2,400 in Q1-24. In December 2023, Knight signed a new contract with the MOH and it is expected that $16,500 will be delivered in 2024 starting in March 2024, which would bring total expected sales of $18,900 to MOH in 2024.
- **Other Specialty**: The increase in the other specialty portfolio was primarily driven by the transition of commercial activities for Exelon® from Novartis to Knight resulting in the change in accounting treatment from net profit transfer to revenues with related cost of sales.

During the year ended December 31, 2023, excluding the impact of IAS 29, the Company generated $289,330 or 84% of total revenues from its innovative portfolio and $53,808 or 16% of total revenues from its BGx portfolio.

	YTD-23 *Excluding impact of IAS 29*[3]	**YTD-22** *Excluding impact of IAS 29*[3]	**Change** *Excluding impact of IAS 29*[3]	
Product portfolio	$	$	$[1]	%[2]
Innovative - Promoted	**242,304**	170,391	71,913	42%
Innovative - Mature	**46,379**	49,209	(2,830)	6%
Total excluding discontinued	**288,683**	219,600	69,083	31%
Innovative - Discontinued	**647**	8,403	(7,756)	92%
Total Innovative	**289,330**	228,003	61,327	27%
BGx - New Launches	**8,172**	7,160	1,012	14%
BGx - Mature[4]	**44,251**	52,675	(8,424)	16%
Total excluding discontinued	**52,423**	59,835	(7,412)	12%
BGx - Discontinued	**1,385**	3,932	(2,547)	65%
Total BGx	**53,808**	63,767	(9,959)	16%
Total	**343,138**	291,770	51,368	18%

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).

[2] Percentage change is presented in absolute values.

[3] Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.

[4] After 3 years from a product's initial launch, it transitions from "New Launch" to "Mature", including comparative figures from prior periods.

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Product portfolio	Change Excluding impact of IAS 29[3] $[1]	% [2]	
Innovative - Promoted	71,913	42%	The increase was mainly driven by: • Growth in revenues of $59,001 due to: ◦ Continued growth of promoted products including Lenvima®, Cresemba®, and Trelstar® ◦ The relaunch of Akynzeo® in Brazil, Argentina, and Canada in the second half of 2022 ◦ Incremental revenues of $18,200 related to the AmBisome® MOH Contract • Incremental revenues of approximately $12,912 was due to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales of Exelon®
Innovative - Mature	(2,830)	6%	• Decreased due to the timing of sales of certain products offset by higher demand for Impavido®
Innovative - Discontinued	(7,756)	92%	• Decreased due to the planned transition and termination agreement of the Gilead Amendment effective July 1, 2022
Total Innovative	**61,327**	**27%**	
BGx - New Launches	1,012	14%	• Increased due to the launch of Palbocil® in Argentina in Q1-23
BGx - Mature	(8,424)	16%	• Decreased due to the lifecycle of mature products and the entrance of new competition
BGx - Discontinued	(2,547)	65%	• Decreased due to the discontinuation of products at the end of their lifecycle
Total BGx	**(9,959)**	**16%**	
Total	**51,368**	**18%**	

[1] A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).

[2] Percentage change is presented in absolute values.

[3] Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.

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Gross margin	**Q4-23 *vs* Q4-22** • For the quarter ended December 31, 2023, gross margin, as a percentage of revenues, was 46% compared to 45% in Q4-22. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 48% in Q4-23 and 50% in Q4-22. The decrease was driven by the change in product mix. **YTD-23 vs YTD-22** • For the year ended December 31, 2023 and 2022, gross margin, as a percentage of revenues, was 47%. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 48% in 2023 and 52% in 2022. Exelon® was recorded as a net profit transfer from Novartis for Brazil and Colombia in H1-22. If Knight had reported revenues and related cost of sales for Exelon® instead of a net profit transfer, the Adjusted Gross Margin in both 2023 and 2022 would have been 48% and 50%, respectively. The decrease in the Adjusted Gross Margin was due to the change in product mix. • Adjusted Gross Margin is a non-GAAP measure. Refer to Section 3.5 - *Non-GAAP measures* for additional details.
Selling and marketing	**Q4-23 *vs* Q4-22** • For the quarter ended December 31, 2023, S&M expenses decreased by $3,586 or 25%. Excluding the impact of IAS 29, S&M expenses decreased by $702 or 5%. There was no significant variance in S&M expenses. **YTD-23 vs YTD-22** • For the year ended December 31, 2023, S&M expenses decreased by $2,195 or 5%. Excluding the impact of IAS 29, S&M expenses increased by $1,923 or 4%. The increase was driven by compensation expenses, certain variable costs such as logistics fees which increased as a function of higher revenues, as well as increased selling and marketing activities related to key promoted products, including Akynzeo® which was relaunched in Brazil in Q3-22 and Canada in Q4-22.
General and administrative	**Q4-23 *vs* Q4-22** • For the quarter ended December 31, 2023, G&A expenses were $8,109, a decrease of $2,227 or 22%, compared to the same period in prior year. Excluding the impact of IAS 29, G&A expenses decreased by $535 or 5%. There was no significant variance in G&A expenses. **YTD-23 vs YTD-22** • For the year ended December 31, 2023, G&A expenses were $37,414, a decrease of $2,736 or 7%. Excluding the impact of IAS 29, G&A expenses increased by $1,181 or 3%. There was no significant variance in G&A expenses.

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Research and development expenses	**Q4-23 *vs* Q4-22** • For the quarter ended December 31, 2023, R&D expenses increased by $118 or 3%. Excluding the impact of IAS 29, R&D expenses increased by $2,518 or 62%. The increase was driven by an expansion in our product development activities for pipeline products. Knight invested $1,947 in Q4-23, an increase of $1,838 versus Q4-22 on its pipeline (for further details refer to pipeline table in Section 7 - *Products*). All costs related to development activities have been expensed which typically include regulatory submissions, analytical method transfers, stability studies and bio-equivalence studies. **YTD-23 vs YTD-22** • For the year ended December 31, 2023, R&D expenses increased by $2,794 or 19%. Excluding the impact of IAS 29, R&D expenses increased by $6,204 or 45%. The increase was driven by an expansion on product development activities in connection with our pipeline products and medical initiatives related to key promoted products, including Akynzeo® which was relaunched in Brazil in Q3-22 and in Canada in Q4-22. Knight invested $2,492 in 2023, an increase of $2,236 versus the prior year on its pipeline (for further details refer to pipeline table in Section 7 - Products in the MD&A). All costs related to development activities have been expensed which typically include regulatory submissions, analytical method transfers, stability studies and bio-equivalence studies.
Amortization of intangible assets	**Q4-23 *vs* Q4-22 and YTD-23 vs YTD-22** • For the quarter and year ended December 31, 2023, amortization of intangible assets decreased by $6,041 and $6,702, respectively. Excluding the impact of IAS 29, the decrease in amortization was $5,561 and $4,609, respectively. The decrease was driven by a reduction of the net book value of the intangible assets including the impairment recorded in 2022 (see *Impairment of non-current assets* below).
Impairment of non-current assets	**Q4-23 *vs* Q4-22 and YTD-23 vs YTD-22** 2023 For the year ended December 31, 2023, the impairment loss of $9,260 was mainly driven by Exelon®. The book value of the intangible asset of Exelon® is accounted in US dollars and revalued from US dollars to Canadian dollars at the end of every reporting period. Exelon® intangible carried in USD functional currency and as such the related intangible is revalued from USD to CAD at the end of every reporting period. The appreciation of the USD versus the CAD from the acquisition date of Exelon® to the closing foreign exchange of 2023, has led to an increase in the value of the asset in CAD and a resulting impairment loss. 2022 For the year ended December 31, 2022, the increase in the value of non-monetary assets in Argentina due to hyperinflation accounting, resulted in an impairment of $21,654 of these assets which was recorded in the consolidated statement of (loss) income in "Impairment of non-current assets". The loss represented 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.

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Interest income	• 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. **Q4-23 *vs* Q4-22 and YTD-23 vs YTD-22** • For the quarter ended December 31, 2023, interest income decreased by $1,182 or 28% compared to the same period in prior year mainly driven by a reduction in the outstanding balance of strategic loans offset by the increase in the interest rates on cash and marketable securities. • For the year ended December 31, 2023, interest income increased by $1,943 or 18%, compared to prior year. The increase was driven by higher interest rates on cash and marketable securities.
Interest expense	**Q4-23 *vs* Q4-22 and YTD-23 vs YTD-22** The interest expense for Q4-23 and YTD-23 included the following: • Interest expense on bank loans • $3,921 in Q4-23 and $1,995 in Q4-22 • $11,883 in 2023 and $5,681 in 2022 • Interest expense on lease liabilities • $173 in Q4-23 and $298 in Q4-22 • $609 in 2023 and $919 in 2022 • Interest expense for Q4-23 and YTD-23 increased by $1,797 or 78% and $5,888 or 89%, respectively, compared to the same periods in prior year. • The increase was driven by the higher average loan balance resulting from IFC loan which closed in December 2022 and higher variable interest rates, partially offset by principal repayments of Itaú Unibanco Brasil, Bancolombia and IFC bank loans. Refer to Section 6 - *Liquidity and Capital Resources* for further information on the bank loans.
Other income	**Q4-23 *vs* Q4-22** • Other income in Q4-22, related to the increase in a provision related to certain import tax claims. • Other income in Q4-23, related to certain fees recognized on our strategic loans. **YTD-23 vs YTD-22** • Other income in 2023 related to certain fees recognized on our strategic loans, as well as a gain on a disposal of a property in Colombia. • Other income in 2022 related to 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.

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Net loss on financial assets measured at fair value through profit or loss	**Q4-23 *vs* Q4-22** • Net loss on financial assets measured at fair value through profit and loss for Q4-23 was $7,878, mainly driven by: • Equity investments, derivatives and loans and other receivables: Gain of $1,256 mainly due to the increase in the fair value of the equity investments. • Strategic fund investments: Loss of $6,622 mainly driven by negative mark-to-market adjustments due to the decline in share prices of publicly-traded equities. • 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. • Refer to Section 8 - *Strategic lending* and Section 9 - *Strategic Investments* for further information. **YTD-23 vs YTD-22** • Net loss on financial assets measured at fair value through profit and loss for YTD-23 was $10,224 mainly driven by: • Strategic fund investments: Loss of $21,983 mainly driven by negative mark-to-market adjustments due to the decline in share prices of publicly-traded equities. • Equity investments, derivatives and loans and other receivables: Gain of $11,759 mainly due to the increase in the fair value of the Moksha8 warrants and the 60P Conversion Agreement. • Net loss on financial assets measured at fair value through profit and loss for 2022 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. • Refer to Section 8 - *Strategic Lending* and Section 9 - *Strategic Investments* for further information.
Foreign exchange (gain) loss	**Q4-23 *vs* Q4-22 and YTD-23 vs YTD-22** • The foreign exchange loss in Q4-23 and YTD-23 was mainly driven by the unrealized losses due to the impact of the devaluation of the ARS on USD denominated payables held by Knight's affiliate in Argentina. • The foreign exchange loss in Q4-22 was 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. The foreign exchange gain in 2022 was 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.
Gain on hyperinflation	• Relates to gain on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to "Impact of Hyperinflation" below for further details. • Refer to Note 2.3 - *Summary of significant accounting policies* in the Annual Financial Statements for further details on hyperinflation accounting.
Income tax recovery	**Q4-23 *vs* Q4-22 and YTD-23 vs YTD-22** • The income tax recovery in 2023 and 2022 was driven by the recognition of deferred tax assets in connection with tax losses generated in certain jurisdictions and timing differences related to our financial assets and intangible assets.

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3.5 Non-GAAP measures

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

The Company uses the following non-GAAP measures:

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

Revenues and Financial results at constant currency: Revenues and financial results at constant currency are obtained by translating the prior period revenues and 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 and results at the average exchange rate in effect for each of the periods.

Revenues and financial results at constant currency allow the 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 and financial results under constant currency is considered to be a non-GAAP measure and does not have any standardized meaning under GAAP. As a result, the information presented may not be comparable to similar measures presented by other companies.

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

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

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

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

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Reconciliation to EBITDA, adjusted EBITDA and adjusted EBITDA per share

For the three-month period and year ended December 31, 2023, the Company calculated EBITDA and adjusted EBITDA as follows:

			Change				Change	
	Q4-23	Q4-22	$[1]	%[2]	YTD-23	YTD-22	$[1]	%[2]
Operating income (loss)	**(9,343)**	(31,050)	21,707	70%	**(2,890)**	(41,044)	38,154	93%
Adjustments to operating income (loss):								
Amortization of intangible assets	**11,115**	17,156	(6,041)	35%	**45,040**	51,742	(6,702)	13%
Impairment of non-current assets	**9,260**	21,904	(12,644)	58%	**9,260**	23,984	(14,724)	61%
Depreciation of property, plant and equipment and ROU assets	**343**	3,037	(2,694)	89%	**5,357**	10,879	(5,522)	51%
Lease costs (IFRS 16 adjustment)	**(705)**	(836)	131	16%	**(2,851)**	(2,750)	(101)	4%
Impact of IAS 29	**1,331**	3,119	(1,788)	57%	**6,103**	10,730	(4,627)	43%
EBITDA	**12,001**	13,330	(1,329)	10%	**60,019**	53,541	6,478	12%
Acquisition and transaction costs	**56**	—	56	—	**56**	—	56	—
Other non-recurring expenses	**—**	491	(491)	—	**—**	491	(491)	—
Adjusted EBITDA	**12,057**	13,821	(1,764)	13%	**60,075**	54,032	6,043	11%
Adjusted EBITDA per share	**0.12**	0.12	—	—	**0.59**	0.48	0.11	23%

[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.

The Company calculated adjusted EBITDA per share as follows:

	Q4-23	Q4-22	YTD-23	YTD-22
Adjusted EBITDA	**12,057**	13,821	**60,075**	54,032
Adjusted EBITDA per share	**0.12**	0.12	**0.59**	0.48
Number of common shares outstanding at period end (in thousands)	**101,170**	112,206	**101,170**	112,206

Explanation of adjustments

Acquisition and transaction costs	Acquisition and transaction costs relate to costs incurred on legal, consulting and advisory fees for the acquisitions.
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.

Adjusted EBITDA Q4-23 vs Q4-22

For the three-month period ended December 31, 2023, adjusted EBITDA decreased by $1,764. The decrease in adjusted EBITDA was driven by an increase in operating expenses mainly due to higher research and development expenses driven by an expansion in our product development activities behind our pipeline and medical initiatives related to key promoted products, offset by an increase in gross margin (excluding impact of IAS 29) of $508.

Adjusted EBITDA YTD-23 vs YTD-22

For the year ended December 31, 2023, adjusted EBITDA increased by $6,043 or 11%. The growth in adjusted EBITDA was driven by an increase in gross margin (excluding impact of IAS 29) of $15,831, offset by an increase in our S&M, G&A and R&D expenses.

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FINANCIAL CONDITION

Section 4 – Consolidated Balance Sheets

4.1 Impact of foreign exchange volatility

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

Rates	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22
BRL	**3.67**	3.71	3.63	3.75	3.90
ARS	**610**	258	194	154	131
COP	**2,933**	3,006	3,154	3,436	3,584
CLP	**664**	657	606	584	629
USD	**0.756**	0.740	0.755	0.740	0.738

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

Variance (%)[1]	Q4-23	Q3-23	Q2-23	Q1-23
BRL	**1%**	(2%)	3%	4%
ARS	**(137%)**	(33%)	(25%)	(18%)
COP	**2%**	5%	8%	4%
CLP	**(1%)**	(8%)	(4%)	7%
USD	**(2%)**	2%	(2%)	—

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

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4.2 Balance sheet

			Change	
As at	**12-31-2023**	12-31-2022	**$**	**%[1]**
ASSETS				
Current				
Cash and cash equivalents	**58,761**	71,679	(12,918)	18%
Marketable securities	**95,657**	85,826	9,831	11%
Trade receivables	**88,722**	94,890	(6,168)	7%
Other receivables	**7,427**	11,290	(3,863)	34%
Inventories	**91,834**	92,489	(655)	1%
Prepaids and deposits	**4,881**	3,344	1,537	46%
Other current financial assets	**15,753**	33,716	(17,963)	53%
Income taxes receivable	**2,080**	2,385	(305)	13%
Total current assets	**365,115**	395,619	(30,504)	8%
Marketable securities	**7,407**	15,169	(7,762)	51%
Prepaids and deposits	**7,767**	3,266	4,501	138%
Right-of-use assets	**6,190**	5,827	363	6%
Property, plant and equipment	**11,669**	16,806	(5,137)	31%
Intangible assets	**289,960**	338,780	(48,820)	14%
Goodwill	**79,844**	82,274	(2,430)	3%
Other financial assets	**112,616**	142,847	(30,231)	21%
Deferred tax assets	**19,390**	9,310	10,080	108%
Other long-term receivables	**45,535**	44,938	597	1%
	580,378	659,217	(78,839)	12%
Total assets	**945,493**	1,054,836	(109,343)	10%

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

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			Change	
As at	**12-31-2023**	12-31-2022	**$**	**%[1]**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**85,366**	106,061	(20,695)	20%
Lease liabilities	**1,728**	2,578	(850)	33%
Other liabilities	**1,046**	5,793	(4,747)	82%
Bank loans	**17,850**	17,674	176	1%
Income taxes payable	**1,182**	2,274	(1,092)	48%
Other balances payable	**6,857**	6,941	(84)	1%
Total current liabilities	**114,029**	141,321	(27,292)	19%
Accounts payable and accrued liabilities	**5,251**	2,669	2,582	97%
Lease liabilities	**5,497**	5,050	447	9%
Bank loans	**44,016**	52,398	(8,382)	16%
Other balances payable	**27,012**	23,176	3,836	17%
Deferred tax liabilities	**2,817**	4,365	(1,548)	35%
Total liabilities	**198,622**	228,979	(30,357)	13%
Shareholders' equity				
Share capital	**540,046**	599,055	(59,009)	10%
Warrants	**117**	117	—	—
Contributed surplus	**25,991**	23,664	2,327	10%
Accumulated other comprehensive income	**29,829**	41,266	(11,437)	28%
Retained earnings	**150,888**	161,755	(10,867)	7%
Total shareholders' equity	**746,871**	825,857	(78,986)	10%
Total liabilities and shareholders' equity	**945,493**	1,054,836	(109,343)	10%

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

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12-31-2023 vs 12-31-2022

Cash and cash equivalents and marketable securities (current and long term)	• Refer to Section 6 – *Liquidity and Capital Resources* for further information.
Trade receivables	• The decrease was mainly due to the timing of the collection of payments from customers.
Other receivables (current)	• The decrease was driven by the collection of interest receivable on marketable securities and strategic loans, the collection of a receivable from the disposal of Medimetriks investments of $2,394, partially offset by the receivable on certain fees from a strategic loan. • Refer to Note 9 - *Other Receivables* in the Annual Financial Statements for further details.
Inventories	• No significant variance.
Other financial assets (current and long term)	Other financial assets decreased by $48,194, or 27%, explained mainly by the following: **Equity investments and Derivatives:** decreased by $2,352 mainly driven by the disposal of certain warrants and equities including Moksha8 and Medimetriks. Refer to Section 8 - *Strategic Lending* for further information. **Loans and other receivables:** decreased by $22,386 mainly driven by strategic loan repayments from Moksha8. Refer to Section 8 - *Strategic Lending* for further information on Knight's strategic lending portfolio. **Funds:** decreased by $23,455 driven by negative mark-to-market adjustments of $21,983 due to the decline in share prices of publicly-traded equities held by our strategic fund investments, distributions received and receivable of $5,290 and foreign exchange loss of $834, partly offset by capital calls of $4,652. Refer to Section 9 - *Strategic Investments* for further information on Knight's strategic investments.
Income taxes receivable	• No significant variance.
Intangible assets	• The decrease was due to the amortization and impairment charges, foreign exchange revaluation offset by intangibles acquired during the year, mainly driven by the in-licensing of Qelbree™ from Supernus.
Goodwill	• The decrease was due to the devaluation of the ARS partially offset by the appreciation of the BRL and COP.
Deferred tax assets	• The increase was mainly due to intercompany transactions and the impact of foreign currency fluctuations related to foreign operations.

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	12-31-2023 vs 12-31-2022
Other receivables (long-term)	• No significant variance.
Accounts payable and accrued liabilities (current and long term)	• The decrease was driven by payments in early 2023 for the purchase of inventory at the end of 2022.
Bank loans (current and long term)	• Bank loans decreased by $8,206 or 12% due to repayments of $29,848, offset by accrued interest of $11,082, appreciation of BRL, COP, CLP and MXN against CAD by $5,765, as well as new loan proceeds of $4,796. • For further details on the bank loans held by Knight, refer to Section 6 - *Liquidity and Capital Resources*.
Income taxes payable	• The decrease was mainly explained by the settlement of certain prior year income tax liabilities and lower current tax accruals in certain jurisdictions.
Other balances payable (current and long term)	• The increase was due to payables for upfront fees, sales and regulatory milestones driven by the in-licensing of Qelbree™ from Supernus, offset by the settlement of certain payables.
Deferred tax liabilities	• The decrease was mainly related to temporary differences due to the amortization of intangible assets.
Share capital	• The decrease was due to the purchase of Knight's common shares under the NCIB, partially offset by share issuance under ESPP. • Refer to Note 22 (iii) - *NCIB* in the Annual Financial Statements for further information.
Contributed surplus	• The increase was related to share-based compensation expense. • Refer to the statement of changes in equity and Note 22 (ii) - *Stock-based compensation plans* in the Annual Financial Statements for further information.
Accumulated other comprehensive loss	• Refer to the consolidated statement of changes in equity in the Annual Financial Statements for further information.
Retained earnings	• Refer to the consolidated statement of changes in equity in the Annual Financial Statements for further information.

Section 5 – Notices of Reassessment

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

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA, respectively, in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at December 31, 2023 is estimated at $4,869 and has not been recorded by the Company.

Knight believes the reassessments are unfounded and filed a notice of objection with the CRA in September 2018 to start the appeals process. In October 2021, the CRA responded to Knight's notice of objection with a confirmation of their initial tax reassessments. Knight filed a notice of appeal to the Tax Court of Canada in December 2021.

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Based on the Company's view of the likely outcome of the appeals process, Knight expects to recover the total of $41,582 deposited with the taxation authorities and has not recorded any tax provision related to the disposal of the PRV in its financial statements. However, there can be no assurance regarding the outcome or when a resolution may be reached.

Although Knight believes its tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from historical income tax provisions and accrual.

Section 6 – 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 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				Change	
	Q4-23	Q4-22	**$**	**%**[1]	**YTD-23**	YTD-22	**$**	**%**[1]
Net cash from operating activities	**17,943**	6,638	11,305	170%	**35,939**	45,000	(9,061)	20%
Net cash from investing activities	**(1,901)**	(65,024)	63,123	97%	**29,341**	(63,079)	92,420	147%
Net cash from financing activities	**(35,698)**	27,972	(63,670)	228%	**(81,002)**	(2,757)	(78,245)	2838%
Decrease in cash and cash equivalents during the period	**(19,656)**	(30,414)	10,758	35%	**(15,722)**	(20,836)	5,114	25%
Net foreign exchange difference	**999**	271	728	269%	**2,804**	6,552	(3,748)	57%
Cash and cash equivalents beginning of the period	**77,418**	101,822	(24,404)	24%	**71,679**	85,963	(14,284)	17%
Cash and cash equivalents, end of the period	**58,761**	71,679	(12,918)	18%	**58,761**	71,679	(12,918)	18%
Marketable securities[2], end of the period	**103,064**	100,995	2,069	2%	**103,064**	100,995	2,069	2%
Cash and cash equivalents, and marketable securities, end of the period	**161,825**	172,674	(10,849)	6%	**161,825**	172,674	(10,849)	6%
Cash and cash equivalents, and marketable securities, net of bank loans	**99,959**	102,602	(2,643)	3%	**99,959**	102,602	(2,643)	3%

[1] *Percentage change is presented in absolute values.*
[2] *Including marketable securities pledged as restricted cash collateral under the IFC loan. Refer to Note 7 - Marketable Securities of the Consolidated Annual Financial Statements for further details.*

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	Q4-23	YTD-23
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 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, deferred other income, and net changes in non-cash balances relating to operations.	
	For the three-month period ended December 31, 2023, cash inflow from operations was $17,943, driven by the operating results adjusted for noncash items such as depreciation, amortization and impairment, and the decrease in working capital of $5,290. The decrease in the working capital was mainly due to decreases in inventory, the increase of accounts payable, offset by the increase in accounts receivable during Q4-23. Refer to Note 29 - *Statement of Cash Flows* of the A*nnual Consolidated Financial Statements* for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $4,010 mainly related to interest received upon maturity of marketable securities, bank accounts yields and other short-term investments.	For the year ended December 31, 2023, cash inflow from operations was $35,939 driven by the operating results adjusted for noncash items such as depreciation, amortization and impairment offset by an increase in working capital of $28,013. The increase in the working capital was mainly due to the settlement of accounts payable mainly related to inventory purchases of our key promoted products in 2022, offset by the decrease in accounts receivable as a result of collections during the year. Refer to Note 29 - *Statement of Cash Flows* of the A*nnual Consolidated Financial Statements* for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $13,690 mainly related to interest received upon maturity of marketable securities, bank accounts yields and other short-term investments.
Net cash from investing activities	For the three-month period ended December 31, 2023, cash flows were mainly driven by: • net purchases of marketable securities of $27,999; • acquisition of intangibles of $1,281; • proceeds of $25,369 mainly from repayments of strategic loans and disposal of certain investments including Moksha8	For the year ended December 31, 2023, cash flows were mainly driven by: • net proceeds from marketable securities of $3,295, offset by • settlement of other balances payable of $9,008 mainly due to sales and regulatory milestones on certain products including Akynzeo® and Aloxi®. • proceeds of $40,490 mainly from repayments of strategic loans and disposal of certain investments including Moksha8 and Medimetriks
Net cash from financing activities	Cash flows from financing activities were mainly due to the repurchase of common shares through the NCIB, principal and interest 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.	

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	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 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 $6,638 driven by the operating results adjusted for non-cash items such as depreciation, amortization and impairment offset by an unrealized foreign exchange gain and an increase in working capital of $2,979. Refer to Note 29 - *Statement of Cash Flows* of the A*udited Consolidated Financial Statements* for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $2,286 related to interest received mainly driven by the timing of maturity of marketable securities.	For the year ended December 31, 2022, cash inflow from operations was $45,000 driven by the operating income adjusted for non-cash items such as depreciation, amortization and impairment offset by an increase in working capital of $5,470. Refer to Note 29 - *Statement of Cash Flows* of the Annual C*onsolidated Financial Statements* for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of $7,608 related to interest received mainly driven by the timing of maturity of marketable securities.
Net cash from investing activities	For the three-month period ended December 31, 2022, cash flows were mainly driven by: • investment in funds of $2,847; • acquisition of intangibles and property and equipment of $637.	For the year ended December 31, 2022, cash flows were mainly driven by: • net proceeds on marketable securities of $20,593; • acquisition of intangibles and property and equipment of $19,163 mainly due to upfront payments and certain milestones related to in-licensing of Akynzeo® and Aloxi® from Helsinn as well as fostamatinib from Rigel; and • proceeds from distributions of funds of $3,408 offset by investment in life sciences funds of $3,300.
Net cash from financing activities	Cash flows from financing activities were mainly due to the repurchase of common shares through the NCIB, principal repayments on bank loans, principal repayments on lease liabilities, proceeds from bank loans and proceeds from the participation of employees and directors in the Company's share purchase plan.	

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The Company had the following indebtedness, including accrued interest expense, as at the end of the following years:

As at December 31, 2023

	Currency	Interest rate[2]	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Bancolombia	COP	2.28% + IBR	15.08%	Oct 12, 2026	**2,663**	**5,045**	**7,708**
Banco Itaú Argentina[1]	ARS	130%	N/A	N/A	**524**	**—**	**524**
Banco ICBC Argentina[1]	ARS	133%	N/A	N/A	**89**	**—**	**89**
IFC	BRL	1.6% + CDI	14.26%	Oct 15, 2027	**7,597**	**20,125**	**27,722**
IFC	CLP	7.71%	7.86%	Oct 15, 2027	**2,357**	**6,525**	**8,882**
IFC	COP	1.6% + IBR	14.76%	Oct 15, 2027	**3,672**	**9,742**	**13,414**
IFC	MXN	1.6% + TIIE	13.92%	Oct 15, 2027	**948**	**2,579**	**3,527**
Total Bank Loans					**17,850**	**44,016**	**61,866**

[1] *Overdraft balances*
[2] *The interest rate is calculated and compounded on a monthly basis.*

As at December 31, 2022

	Currency	Interest rate[2]	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 Itaú Argentina[1]	ARS	76%[2]	N/A	N/A	1,270	—	1,270
Banco ICBC Argentina[1]	ARS	77%[2]	N/A	N/A	344	—	344
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					17,674	52,398	70,072

[1] *Overdraft balances*
[2] *The interest rate is calculated and compounded on a monthly basis.*

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The security and repayment terms of the bank loans are as follows:

As at December 31, 2023

	Currency of debt	Maturity	Repayment terms	Security/Guarantee
Banks				
Bancolombia	COP	Oct 12, 2026	Semi-annual	• None
IFC	BRL	Oct 15, 2027	Semi-annual	• Shares of certain Knight subsidiaries • Restricted cash collateral of 35% of the principal balance outstanding
IFC	CLP	Oct 15, 2027	Semi-annual	
IFC	COP	Oct 15, 2027	Semi-annual	
IFC	MXN	Oct 15, 2027	Monthly	

As at December 31, 2022

	Currency of debt	Maturity	Repayment terms	Security/Guarantee
Banks				
Itaú Unibanco Brasil	BRL	Dec 8, 2023	Semi-annual	• First Demand Corporate Guarantee of Knight Therapeutics Europe S.A; • Select trade accounts receivables.
Bancolombia	COP	Oct 12, 2026	Semi-annual	• None.
IFC	BRL	Oct 15, 2027	Semi-annual	• Shares of certain Knight's subsidiaries; • Restricted cash collateral of 35% of the principal balance outstanding.
IFC	CLP	Oct 15, 2027	Semi-annual	
IFC	COP	Oct 15, 2027	Semi-annual	
IFC	MXN	Oct 15, 2027	Monthly	

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PRODUCT ACQUISITION STRATEGY

Section 7 – Products

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

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

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

1. Acquisition of products, portfolios and companies

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

The following are examples of the execution of this strategy via acquisition:

Date	Product	Description
Q1-14	Impavido®	Worldwide rights to Impavido® as part of its business separation agreement with Paladin Labs Inc.
Q4-19	N/A	Controlling stake of 51.2% in Grupo Biotoscana
Q3-20	N/A	Acquired remaining public float for a 100% acquisition of Grupo Biotoscana
Q2-21	Exelon®	Exclusive rights to manufacture, market and sell Exelon® in Canada and Latin America

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2. In-licensing of innovative products

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

The following are examples of the execution of this strategy via in-licensing:

Date	Product	Territory
Q4-16	Movantik (naloxegol)	Canada
Q1-18	Ibsrela® (tenapanor)	Canada
Q3-18	Imvexxy® (estradiol vaginal inserts)	Canada
Q3-18	Bijuva® (estradiol and progesterone)	Canada
Q1-19	Nerlynx® (neratinib)	Canada
Q1-20	Trelstar® (tripotorelin)	Canada
Q3-21	Minjuvi® (tafasitamab)	LATAM
Q3-21	Pemazyre® (pemigatinib)	LATAM
Q2-22	Fostamatinib	Select LATAM territories
Q2-22	Akynzeo® (netupitant/palonosetron/fosnetupitant/palonosetron)	Canada and select LATAM territories
Q2-22	Aloxi® (palonosetron)	Canada
Q4-23	Qelbree™ (viloxazine)	Canada
Q1-24	IPX203 (carbidopa and levodopa extended-release capsules)	Canada and LATAM

3. Development & in-licensing of branded generic products

The Company's branded generic development efforts include the internal development of branded generics for Argentina and other LATAM markets (excluding Brazil and Mexico) and the in-licensing of branded generics for LATAM markets including Brazil and Mexico. The Company continues to maintain a targeted internal development effort to develop and manufacture branded generics products for launch in Argentina and eventually in certain markets in Latin America. In addition to internal development, the growth of the branded generic portfolio is supplemented through in-licensing of additional molecules. This strategy complements the in-house development efforts by providing access to the two largest pharmaceutical markets in Latin America, namely Brazil and Mexico. In addition, it allows access to branded generics products that cannot be developed or manufactured in-house by the Company.

The following are examples of the execution of this strategy via in-licensing:

Date	Molecule	Territory
Q4-21	C401 (CNS)	Select LATAM territories
Q4-21	H401 (Oncology / Hematology)	Select LATAM territories
Q2-22	C402/403 (CNS)	Select LATAM territories
Q3-23	H402 (Oncology / Hematology)	Brazil

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Prescription pharmaceutical products

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

PRODUCT	INDICATION[1,2,4]	TERRITORY[3]						PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Oncology/Hematology								
Tafasitamab	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)		Q1-24	Submitted	Submitted	Submitted	Pre-registration	Incyte
Pemigatinib	Metastatic cholangiocarcinoma		Submitted	Submitted	Submitted	Submitted	Pre-registration	Incyte
Akynzeo®	Prevention of chemotherapy-induced acute and delayed nausea and vomiting	Q4-22	Q3-22	Q3-22				Helsinn
Aloxi®	Prevention of acute nausea and vomiting associated with moderately and highly emetogenic cancer chemotherapy	Q4-22						Helsinn
Fostamatinib	Treatment of chronic immune thrombocytopenia		Submitted	Pre-registration	Submitted	Submitted		Rigel
Nerlynx®	Extended adjuvant breast cancer and metastatic breast cancer	Q4-19						Puma
Trelstar®	Advanced prostate cancer	Q2-20						Debiopharm
Vidaza®	Myelodysplastic syndrome		Q2-10					Celgene (BMS)
Abraxane®	Metastatic pancreatic cancer		Q4-17					Celgene (BMS)
Halaven®	Metastatic breast cancer and soft tissue sarcoma		Q4-17	Q4-19	Q2-22		Marketed	Eisai
Lenvima®	Differentiated thyroid cancer and unresectable hepatocellular carcinoma		Q4-17		Q1-22		Marketed	Eisai
Lenvima®	Advanced renal cell cancer		Q4-17				Marketed	Eisai
BGx								
Ladevina®	Multiple myeloma; myelodysplastic syndrome			2011	Q3-19		Marketed	Own
Ladevina®	Mantle Cell Lymphoma; follicular lymphoma			2011			Marketed	Own
Zyvalix®	Metastatic prostate cancer			2014	Q2-18		Marketed	Own
Karfib®	Relapsed or refractory multiple myeloma			Q4-19	Approved		Marketed	Own
Leprid®	Palliative treatment of advanced prostate cancer			2007				Own
Rembre®	Chronic myeloid leukemia			2013	Q1-22		Marketed	Own
Palbocil®, Bapocil®	Breast cancer			Q1-23	Submitted		Approved	Own
Xetrane®	Multiple myeloma			Q2-19	Submitted		Approved	Own
Xetrane®	AIDS-related Kaposi sarcoma			Q2-22				Own

[1] *The products listed as "Pre-registration" have not yet been submitted for regulatory review and products in "submitted" are currently under regulatory review. The indication for all products classified as "Pre-registration" or "Submitted" is the anticipated indication upon regulatory approval.*

[2] *Refer to Section 7 - Products for further details on the indication.*

[3] *The products with an associated date are currently marketed by Knight in the respective territory. The information provided represents the date when the product was launched by Knight or when it was acquired or in-licensed by Knight if such products had existing sales.*

[4] *The products listed as "Approved" have been approved by regulatory authorities but not yet commercially launched.*

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PRODUCT	INDICATION[1,2]	TERRITORY[3]						PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Infectious Diseases								
AmBisome®	Invasive fungal infection		1997					Gilead
Cresemba®	Invasive fungal infection		Q2-20	Q3-19	Q3-19	Q2-19	Marketed	Basilea
Impavido®	Leishmaniasis						Marketed	Own
BGx								
Dolufevir®	HIV infection			Q2-21				Own
Other Specialty								
Exelon®	Symptomatic treatment of mild to moderately severe dementia in people with Alzheimer's and Parkinson's disease	Q2-21	Q2-21	Q2-21	Q2-21	Q2-21	Marketed	Own
Ibsrela®	IBS-C	Q1-21						Ardelyx
Salofalk®	Ulcerative colitis			2007	Pre-2019		Marketed	Dr. Falk
Ursofalk®	Primary biliary cirrhosis			2007	Pre-2019		Marketed	Dr. Falk
Imvexxy®	Moderate-to-severe dyspareunia	Q1-24						TXMD
Bijuva®	Moderate-to-severe vasomotor symptoms due to menopause	Q1-24						TXMD
BGx								
Fibridoner®	Idiopathic pulmonary fibrosis			2017			Marketed	Own
Toliscrin® DPI	Pseudomonas aeruginosa lung infection in patients with cystic fibrosis			2017			Marketed	Own
Toliscrin® 1-2	Severe acute or resistant chronic infections due to colistin sensitive strains of gram-negative pathogenic bacilli			2017			Marketed	Own
Tobradosa Haler®	Chronic lung infections due to Pseudomonas aeruginosa			2018			Marketed	Own

[1] *The products listed as "Pre-registration" have not yet been submitted for regulatory review and products in "submitted" are currently under regulatory review. The indication for all products classified as "pre-registration" or "submitted" is the anticipated indication upon regulatory approval.*
[2] *Refer to Section 7 - Products for further details on the indication.*
[3] *Products with an associated date represent products currently marketed by Knight. The information provided represents the date at which the product was launched by Knight or date at which product with existing sales was acquired or in-licensed by Knight.*
[4] *The products listed as "Approved" have been approved by regulatory authorities but not yet commercially launched.*

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Oncology/Hematology

INNOVATIVE

Minjuvi® (tafasitamab)

On September 22, 2021, Knight entered into a supply and distribution agreement with Incyte for the exclusive rights to distribute tafasitamab (sold as Monjuvi® in the U.S. and as Minjuvi® in Europe and Canada) 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.

Tafasitamab, in combination with lenalidomide, is approved in the U.S., Europe, Canada and other countries 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"). DLBCL is the most common type of non-Hodgkin lymphoma, and there are approximately 12,000 - 16,000 new cases of DLBCL each year in Latin America[1,2].

In July 2023, Knight obtained ANVISA approval for Minjuvi®, under their rare disease designation according to Resolution RDC 205/2017 in combination with lenalidomide followed by Minjuvi® monotherapy for the treatment of adult patients with relapsed or refractory DLBCL, including DLBCL arising from low grade lymphoma, and who are not eligible for ASCT. In addition, on October 16, 2023, Knight received Brazilian pricing approval for Minjuvi® from the Drugs Market Regulation Chamber ("CMED"). In February 2024, Knight launched Minjuvi® in Brazil.

Minjuvi® has been submitted for regulatory approval in Colombia in Q4 2022, in Argentina in Q1 2023 and Mexico Q2 2023.

Pemigatinib

Pemigatinib is approved in the U.S., Europe and Japan for the treatment of adult patients with locally advanced or metastatic cholangiocarcinoma with a fibroblast growth factor receptor 2 ("FGFR2") fusion or rearrangement that have progressed after at least one prior line of systemic therapy. Cholangiocarcinoma is the most common cancer of the bile duct. FGFR2 fusions or rearrangements have been observed in 10-16%[3] of patients with intrahepatic cholangiocarcinoma, whereas the incidence in patients with extrahepatic cholangiocarcinoma is rare. There are approximately 4,000 - 6,000 new cases of intrahepatic cholangiocarcinoma each year in Latin America[1,4]. Pemigatinib is also approved in the U.S. for the treatment of adults with relapsed or refractory myeloid/lymphoid neoplasms with FGFR2 rearrangement.

On October 10, 2023, Knight submitted a marketing authorization application for pemigatinib to ANVISA, the Brazilian health regulatory agency, under the rare diseases approval pathway, for the treatment of adults with locally advanced or metastatic cholangiocarcinoma with a FGFR2 fusion or rearrangement that have progressed after at least one prior line of systemic therapy. Marketing authorization applications for pemigatinib have also been submitted previously in Colombia, Mexico and Argentina.

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

Akynzeo® is the first and only 5-HT3 and NK1 receptor antagonist fixed combination approved for the prevention of chemotherapy-induced acute and delayed nausea and vomiting. Akynzeo® oral is approved and marketed in Canada, Brazil and Argentina. According to IQVIA, sales of Akynzeo® in Canada and Brazil were approximately $7 million in 2021. Aloxi® is a second generation 5-HT3 receptor antagonist with high receptor binding affinity and a duration of action up to 5 days after

[1] *Globocan 2020.*
[2] *Li S et al. Pathology. 2018 Jan;50(1):74-87.*
[3] *Jain A et al. JCO Precision Oncology 2018 :2, 1-12.*
[4] *Lafaro KJ et al. Gastroenterol Res Pract. 2015;2015:860861.*

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chemotherapy administration[5,6]. Aloxi® oral is approved in Canada for use in adults for the prevention of acute nausea and vomiting associated with moderately and highly emetogenic cancer chemotherapy. Aloxi® injection is approved in Canada for use in adults and pediatric patients aged 2 to 17 years for the prevention of acute and delayed nausea and vomiting associated with emetogenic cancer chemotherapy. Knight assumed commercial activities and re-launched Akynzeo® in Brazil, Argentina and Canada, and Aloxi® in Canada in 2022.

According to IQVIA, Akynzeo® sales in Canada were $2,206 and $7,952 for the three-month period and year ended December 31, 2023, which represents a growth of 30% and 27%, respectively, compared to the same periods in prior year.

Fostamatinib

On May 24, 2022, Knight announced that it entered into an agreement with Rigel for the exclusive rights to commercialize fostamatinib, an oral spleen tyrosine kinase (SYK) inhibitor, in Latin America. Fostamatinib is commercially available in the U.S. under the brand name TAVALISSE® and in Europe under the brand name TAVLESSE® for the treatment of chronic immune thrombocytopenia. On June 8, 2022, Rigel announced top-line efficacy and safety data from the Phase 3 clinical trial of fostamatinib in patients with warm autoimmune hemolytic anemia. The trial did not demonstrate statistical significance in the primary efficacy endpoint of durable hemoglobin response in the overall study population. The safety profile was consistent with prior clinical experience, and no new safety issues were discovered. Rigel conducted an in-depth analysis of these data to better understand differences in patient characteristics and outcomes and submitted these findings to the FDA. In October 2022, Rigel announced that they received guidance from the FDA's review of these findings. Based on the result of the trial and the guidance from the FDA, Rigel did not file a supplemental New Drug Application (sNDA) for this indication. On November 1, 2022, Rigel announced the top-line results from its Phase 3 clinical trial of fostamatinib in high-risk hospitalized COVID-19 patients. While the trial approached but did not meet statistical significance (p=0.0603) in the primary efficacy endpoint of the number of days on oxygen through Day 29, all prespecified secondary endpoints in the study numerically favored fostamatinib over placebo, including mortality, time to sustained recovery, change in ordinal scale assessment, and number of days in the intensive care unit.

In July 2023, Knight submitted marketing authorization applications for fostamatinib, for the treatment of thrombocytopenia in adult patients with chronic immune thrombocytopenia (ITP) who have had an insufficient response to a previous treatment, for regulatory approval in Mexico and Colombia.

In Q1-24, Knight submitted fostamatinib in Brazil for ANVISA approval for the treatment of thrombocytopenia in adult patients with chronic ITP who have had an insufficient response to a previous treatment.

Nerlynx® (neratinib)

On January 9, 2019, Knight entered into an exclusive license agreement with Puma for the exclusive right to commercialize Nerlynx® in Canada. On July 16, 2019, Nerlynx® was approved by Health Canada for the extended adjuvant treatment of women with early stage hormone receptor positive and HER2-overexpressed/amplified breast cancer following adjuvant trastuzumab-based therapy. On July 6, 2021 Health Canada approved Nerlynx® in combination with capecitabine for the treatment of adult patients with metastatic HER2-overexpressed/amplified breast cancer, who have received two or more prior anti-HER2-based regimens in the metastatic setting. In December 2019 pERC published their final report recommending that Nerlynx® should not be reimbursed through the public drug plans. Knight launched NERLYNX® at the end of 2019 and is focused on ensuring access to patients. Nerlynx® is now covered by several private insurance companies in Canada. According to IQVIA, Nerlynx® sales in Canada were $905 and $3,384 for the three-month period and year ended December 31, 2023, which represents a growth of 24% and 72%, respectively, compared to the same periods in prior year.

[5] *Rojas C, Slusher BS. Eur J Pharmacol 2012;684(1-3):1-7; 6.*
[6] *Navari RM and Aapro M. N Engl J Med 2016;374:1356-67.*

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Trelstar® (tripotorelin)

On January 8, 2020, Knight announced that it had entered into an agreement with Debiopharm for the Canadian commercial rights of Trelstar®, for the treatment of advanced prostate cancer and the management and relief of chronic pain associated with endometriosis. On April 20, 2020, the Company announced that it took over commercial activities from Debiopharm's previous partner and began commercializing Trelstar® in Canada. According to IQVIA, Trelstar® sales in Canada were $2,055 and $7,319 for the three-month period and year ended December 31, 2023, which represents a growth of 39% and 56%, respectively, compared to the same period in prior year.

Vidaza® (azacitidine)

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

Abraxane® (paclitaxel protein-bound particles for injectable suspension)

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

Halaven® (eribulin mesylate)

Halaven® injection is a synthetic derivative of halicondrin B, belonging to the halichondrin class of antineoplastic agents. Halaven® is indicated for (1) the treatment of adult patients with locally advanced or metastatic breast cancer who have progressed after at least one chemotherapeutic regimen[7] for advanced disease. Prior therapy should have included an anthracycline and a taxane in either the adjuvant or metastatic setting unless patients were not suitable for these treatments, and (2) the treatment of patients with unresectable soft tissue sarcoma who have received prior chemotherapeutic regimen for advanced or metastatic disease. Halaven® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico.

Lenvima® (lenvatinib)

Lenvima® is indicated for the following three indications (1) the treatment of adult patients with progressive, locally advanced or metastatic, differentiated (papillary/follicular/Hürthle cell) thyroid carcinoma, refractory to radioactive iodine, (2) the treatment of adult patients with advanced or unresectable hepatocellular carcinoma who have received no prior systemic therapy, and in certain LATAM countries for (3) the treatment of adult patients with advanced renal cell carcinoma following one prior anti-angiogenic therapy, in combination with everolimus[8]. Lenvima® is licensed from Eisai and Knight holds the rights to commercialize the product in Latin America except Mexico. Eisai holds the rights to commercialize the product in Mexico.

During 2023, two companies received ANVISA approval for generic lenvatinib in Brazil. In addition, during 2024, one of those companies received ANVISA approval for a branded generic lenvatinib. Knight and Eisai are collaborating to defend Lenvima®'s market exclusivity in Brazil. Despite any actions that may be taken by Knight and Eisai, the generics or branded generic of lenvatinib may launch in Brazil in 2024.

[7] *In Colombia after at least two chemotherapeutic regimen for advanced disease*
[8] *Indication not included in Colombia.*

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BRANDED GENERIC

Ladevina® (lenalidomide)
Ladevina® is indicated for (1) the treatment, as a maintenance monotherapy, of patients with newly diagnosed multiple myeloma, who have had an autologous stem cell transplant and, in patients with relapsed or refractory mantle cell lymphoma[9], (2) the treatment of patients with transfusion-dependent anemia due to low-risk and intermediate-1 myelodysplastic syndromes linked to a 5q deletion cytogenetic abnormality with or without abnormalities, (3) the treatment, in combination therapy, of adult patients with multiple myeloma without prior treatment who are not candidates for a transplant[9] in Colombia after at least two chemotherapeutic regimen for advanced disease, and (4) the treatment, in combination with dexamethasone and in second line, of multiple myeloma patients who have received at least one prior therapy and have not responded to treatment.

Zyvalix® (abiraterone acetate)

Zyvalix® is indicated in combination with prednisone or prednisolone for the treatment of castration-resistant metastatic prostate carcinoma and castration sensitive high-risk metastatic prostate carcinoma.

Karfib® (carfilzomib)

Karfib® is indicated as a single agent for the treatment of patients with relapsed or refractory multiple myeloma who have received one or more previous lines of therapy. Karfib® in combination with dexamethasone or with lenalidomide plus dexamethasone is indicated for the treatment of patients with relapsed or refractory multiple myeloma who have received one to three previous lines of therapy.

In Q2 2023, Knight submitted the marketing authorization application for Karfib® in Chile. In February 2024, Knight obtained regulatory approval in Colombia, and is expected to be launched in H2-24.

Leprid® (leuprolide acetate)

Leprid® is indicated for palliative treatment of advanced prostate cancer.

Rembre® (dasatinib)

Rembre® is indicated for treatment of chronic myeloid leukemia with positive Philadelphia chromosome.

In Q2 2023, Knight submitted the marketing authorization application for Rembre® in Chile.

Palbocil® and Bapocil® (palbociclib)

Palbocil® / Bapocil® is indicated for the treatment of patients with hormone receptor 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. Palbocil® was launched in Argentina in March 2023 and Bapocil® was approved in Chile in March 2023. In addition, Knight filed for regulatory approval for Bapocil® in Colombia in Q4-2022.

Xetrane® (pomalidomide)

Xetrane® is indicated in combination with dexamethasone, for the treatment of adult patients with multiple myeloma who have received at least two prior therapies including lenalidomide and a proteasome inhibitor and have demonstrated disease progression on or within 60 days of completion of the last therapy. Xetrane® is also indicated for the treatment of adults patients with AIDS-related Kaposi sarcoma after failure of highly active antiretroviral therapy or in patients with Kaposi sarcoma who are HIV-negative. In Q2 2023, Knight obtained the regulatory approval for Xetrane® in Chile.

[9] *Indication not included in Colombia.*

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Infectious diseases

INNOVATIVE

AmBisome® (amphotericin B)

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

Cresemba® (isavuconazonium sulfate)

Cresemba® is an azole antifungal agent indicated for use in adults for the treatment of invasive aspergillosis and invasive mucormycosis. Cresemba® is licensed from Basilea and Knight holds the rights to commercialize the product in Latin America.

Impavido® (miltefosine)

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

BRANDED GENERIC

Dolufevir® (dolutegravir)

Dolufevir® in combination with other antivirals is indicated for the treatment of HIV-infected adults, adolescents and children ≥ 6 years of age and weighing at least 20 kg.

Other Specialty Therapeutic Areas

INNOVATIVE

Exelon® (rivastigmine)

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 has assumed the commercial activities of Exelon® in Colombia in Q2 2022, Brazil, Uruguay, Argentina & Chile in Q3 2022 and Mexico, Peru, Ecuador & Canada in Q4 2022. The marketing authorizations of Exelon® for Canada and all key countries in Latin America were transferred to Knight. Before the acquisition of Exelon® from Novartis, the drug faced branded and/or generic competition in Canada and most of the markets in LATAM. In Q2 2023, a branded generic drug of Exelon® was launched by a competitor in Brazil.

Ibsrela® (tenapanor)

On March 16, 2018, Knight entered into an exclusive licensing agreement with Ardelyx to commercialize Ibsrela® in Canada. Ibsrela® is a first-in-class small molecule treatment for IBS-C. Ardelyx received regulatory approval for Ibsrela® from the US FDA in September 2019. On April 17, 2020, the Company announced that Ibsrela® was approved by Health Canada. The Company launched Ibsrela® in March 2021 and has obtained reimbursement with most private insurers across Canada. According to IQVIA, Ibsrela® sales in Canada were $294 and $818 for the three-month period and year ended December 31, 2023, which represents a growth of 70% and 91%, respectively, compared to the same periods in prior year.

Salofalk® (mesalazine)

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

Ursofalk™ (ursodeoxycholic acid)

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

Imvexxy® (estradiol vaginal inserts) and Bijuva® (estradiol and progesterone)

On July 31, 2018, Knight entered into an exclusive licensing agreement for the commercial rights of Imvexxy® and Bijuva® in Canada and Israel. Imvexxy® is approved for the treatment of moderate-to-severe dyspareunia (vaginal pain associated with sexual activity), a symptom of vulvar and vaginal atrophy, due to menopause. Bijuva®, approved by the Health Canada in September 2020, is a bio-identical hormone therapy combination of estradiol and progesterone in a single, oral softgel for the treatment of moderate-to-severe vasomotor symptoms due to menopause. In Q1 2024, Knight launched Imvexxy® and Bijuva® in Canada. Imvexxy® is competing in the VVA market which was over 90 million dollars in 2023 and grew at a CAGR of 9% since 2020, according to IQVIA.

BRANDED GENERIC

Fibridoner® (pirfenidone)

Fibridoner® is indicated for the treatment of mild to moderate idiopathic pulmonary fibrosis in adults.

Toliscrin® (colistimethate sodium)

Toliscrin® for injection is indicated for the treatment of severe acute or resistant chronic infections due to colistin sensitive strains of gram-negative pathogenic bacilli. It is particularly indicated when the infection is caused by sensitive strains of Pseudomonas aeruginosa. The inhaled colistimethate sodium is used in the treatment of airway colonization or infection due to Pseudomonas aeruginosa that is resistant to tobramycin.

Tobradosa Haler® (tobramycin)

Tobradosa Haler® is indicated for the treatment of chronic lung infections due to Pseudomonas aeruginosa in adults and children from 6 years of age with cystic fibrosis.

Gilead transition and termination agreement

The Company has entered into a transition and termination agreement with Gilead for a portfolio of HIV and HCV products ("Gilead Amendment"). The portfolio is currently distributed by Knight in one or more of the following countries: Colombia, Peru, Ecuador, Bolivia and Paraguay. As part of the Gilead Amendment, effective July 1, 2022, Knight distributes the products under a mutually agreed amended commercial and financial terms, until the earlier of April 30, 2023 and the

completion of the regulatory, logistical and commercial transition on a per country and product basis. The Gilead Amendment does not impact any products distributed by the Company on behalf of Gilead in Brazil.

PIPELINE

The Company believes that its pipeline of innovative and branded generics products will drive future growth but there is no certainty that any of these molecules will be launched due to inherent development, regulatory, legal and commercial risks in launching a pharmaceutical product. The Company's pipeline of undisclosed molecules which could potentially be launched as branded generic products in the future includes internally developed and in-licensed products in the following stages:

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

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Pipeline and products in early launch stage

The Company expects that its pipeline and products in early launch stage could achieve total revenues between $120,000 to $150,000 in combined revenues in their peak years. The products in early launch stage are within two years from the commercial launch date on a country by country basis.

PRODUCT	INDICATION OR THERAPEUTIC AREA[1,2,4]	TERRITORY[3]						LAUNCH / EXPECTED LAUNCH YEAR
		Canada	Brazil	Argentina	Colombia	Mexico	Others	
Oncology/Hematology								
Minjuvi® (tafasitamab)	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)		Q1-24	Submitted	Submitted	Submitted	Pre-registration	2024 -2025
Pemigatinib	Metastatic cholangiocarcinoma		Submitted	Submitted	Submitted	Submitted	Pre-registration	2025-2026
Fostamatinib	Treatment of chronic immune thrombocytopenia		Pre-registration	Pre-registration	Submitted	Submitted		2025-2026
Imvexxy®	Moderate-to-severe dyspareunia	Q1-24						2024
Bijuva®	Moderate-to-severe vasomotor symptoms due to menopause	Q1-24						2024
Palbocil®, Bapocil®	Breast Cancer				Submitted		Approved	2025
Xetrane®	Multiple myeloma				Submitted		Approved	2025
Karfib®	Relapsed or refractory multiple myeloma				Approved			2025
Rembre®	Chronic myeloid leukemia						Submitted	2024
O501	Oncology/Hematology			Development				2025
O502	Oncology/Hematology			Development				2025
H401	Oncology/Hematology		Development		Development	Development		2026 - 2027
H402	Oncology/Hematology		Development					2028 - 2029
Other Specialty								
IPX203	Parkinson's disease	Pre-registration	Pre-registration	Pre-registration	Pre-registration	Pre-registration	Pre-registration	2027-2028
Qelbree™	Attention-Deficit Hyperactivity Disorder (ADHD)	Pre-registration						2026-2027
C401 (CNS)	Other Specialty		Development	Development	Submitted		Development	2025 - 2026
C402/403 (CNS)	Other Specialty		Development		Development	Development		2026 - 2027

[1] *The products in "pre-registration" have not yet been submitted for regulatory review and products in "submitted" are currently under regulatory review. The indication for all products classified as "pre-registration" or "submitted" is the anticipated indication upon regulatory approval.*
[2] *Refer to Section 7 - Products below for further details on the indication.*
[3] *Products with dates represent products currently marketed by Knight. The information provided represents the date at which the product was launched by Knight or date at which product with existing sales was acquired or in-licensed by Knight.*
[4] *The products in "Approved" have been approved by regulatory authorities but not yet commercially launched.*

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Qelbree™

In Q4 2023, Knight in-licensed Qelbree™ (viloxazine) for Canada. Qelbree™ is an extended-release formulation of viloxazine, a multimodal serotonergic and norepinephrine modulating agent, a nonstimulant medication for the treatment of Attention-Deficit Hyperactivity Disorder ("ADHD"). Qelbree™ is commercially available in the United States as a prescription medicine to treat ADHD in patients 6 years of age and older. Based on the results of 4 pivotal trials,[11-14] Qelbree™ was approved by the US Food and Drug Administration in 2021 for the treatment of children 6-17 years of age and in 2022 for the treatment of adults. Qelbree™ is also currently being studied in several phase 4 clinical trials[15], the first of which is in combination with psychostimulants for the treatment of children and adolescents with ADHD (positive topline results reported in September 2023[16]). A second phase 4 clinical trial[17] in preschool age children with ADHD is planned to commence in January 2024. A third phase 4 clinical trial[18] is studying the impact of Qelbree™ on co-morbid mood symptoms prevalent in patients with ADHD. Qelbree™ is the first new non stimulant to enter the market in over 10 years and will represent a new option in a segment that is valued at over $80,000, according to IQVIA, and that continues to have a significant unmet medical need. Knight expects to submit Qelbree™ for regulatory approval in H2-2024.

IPX203

Subsequent to year-end, Knight in-licensed IPX203 for Canada and Latin America. IPX203 is a novel, oral formulation of carbidopa/levodopa extended-release capsules designed for the treatment of Parkinson's disease. IPX203 contains immediate-release (IR) granules and extended-release (ER) coated beads. The IR granules consist of CD and LD, with a disintegrant polymer to allow for rapid dissolution. The ER beads consist of LD, coated with a sustained release polymer to allow for slow release of the drug, a mucoadhesive polymer to keep the granules adhered to the area of absorption longer, and an enteric coating to prevent the granules from disintegrating prematurely in the stomach. IPX203 was studied in the RISE-PD clinical study which was a 20-week, randomized, double-blind, double-dummy, active-controlled, phase 3 clinical trial with 630 patients. The RISE-PD study met its primary and secondary endpoints and showed that treatment with IPX203 demonstrated statistically significant improvement in daily "Good On" time with fewer doses of IPX203 compared with immediate-release carbidopa-levodopa (least squares mean, 0.53 hours; 95% CI, 0.09-0.97), with IPX203 dosed a mean three times per day vs 5 times per day for immediate-release carbidopa-levodopa[19]. IPX203 is expected to compete in a market size of over $50,000 in Canada and over $120,000 in Brazil, of which the controlled release portion of the market is $15,000 in each country, according to IQVIA.

10 Nasser A et al. (2020). A Phase III, Randomized, Placebo-controlled Trial to Assess the Efficacy and Safety of Once-daily SPN-812 (Viloxazine Extended-release) in the Treatment of Attention-deficit/Hyperactivity Disorder in School-age Children. Clinical Therapeutics, 42(8), 1452-1466. DOI: https://doi.org/10.1016/j.clinthera.2020.05.021

11 Nasser A et al. (2021). Once-Daily SPN-812 200 and 400 mg in the treatment of ADHD in School-aged Children: A Phase III Randomized, Controlled Trial. Clinical Therapeutics, 43(4), 684-700. DOI: https://doi.org/10.1016/j.clinthera.2021.01.027

12 Nasser A et al. (2021). A Phase 3, Placebo-Controlled Trial of Once-Daily Viloxazine Extended-Release Capsules in Adolescents With Attention-Deficit/Hyperactivity Disorder. Journal of Clinical Psychopharmacology, 41(4), 370-380. DOI: 10.1097/JCP.0000000000001404

13 Nasser A et al. (2022). A Phase III, Randomized, Double-Blind, Placebo-Controlled Trial Assessing the Efficacy and Safety of Viloxazine Extended-Release Capsules in Adults with Attention-Deficit/Hyperactivity Disorder. CNS Drugs, 36(8), 897-915. DOI: https://doi.org/10.1007/s40263-022-00938-w

14 US National Library of Medicine. (2021, March 8 -). Open-label study of SPN-812 administered with psychostimulants in children and adolescents with ADHD (ADHD). Identifier NCT04786990. https://clinicaltrials.gov/study/NCT04786990

15 Supernus Announces New Qelbree® Data Showing Improvement in ADHD Symptoms. (2023, September 10). Retrieved from https://ir.supernus.com/node/13856/pdf

16 US National Library of Medicine. (2021, March 4 -). Evaluation of SPN-812 (viloxazine extended-release capsule) in preschool-age children with ADHD. Identifier NCT04781140. https://clinicaltrials.gov/study/NCT04781140

17 Presented during Supernus Pharmaceuticals R&D Day; October 18, 2023

18 Hauser RA et al. JAMA Neurol. 2023 Oct 1;80(10):1062-1069.

19 Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to the definitions in Section 3.5 - Non-GAAP measures for additional details.

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Section 8 – Strategic Lending

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

			Nominal loan balance as at December 31, 2023	
Entity	**Maturity date**	**Interest rate**	**In Source Currency**	**In CAD[1]**
Synergy	Mar 31, 2024	15.5%	US$7,392	$9,777
Other strategic loans	Apr 15, 2025	10%	US$2,771	$3,666
Total			**US$10,163**	**$13,443**

[1] *Converted at the Bank of Canada closing exchange rates on December 31, 2023.*

As at December 31, 2023, the nominal loan balance outstanding (excluding capitalized interest) was $13,443 [US$10,163] (December 31, 2022: $38,701 [US$28,574]). The following table summarizes the movement in loans and other receivables during the years ended December 31:

	Carrying value as at January 1	Additions	Loan repayments	Net gain (loss) on FA	Conversions[2]	Foreign exchange[1]	Carrying value as at December 31	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$	$
2023									
Amortized Cost	**9,187**	**—**	**(2,181)**	**—**	**(3,163)**	**(176)**	**3,667**	**—**	**3,667**
FVTPL	**28,904**	**—**	**(21,456)**	**(709)**	**5,491**	**(193)**	**12,037**	**12,037**	**—**
Total	**38,091**	**—**	**(23,637)**	**(709)**	**2,328**	**(369)**	**15,704**	**12,037**	**3,667**
2022									
Amortized Cost	6,272	3,130	(407)	—	—	192	9,187	5,430	3,757
FVTPL	26,796	—	—	567	—	1,541	28,904	24,148	4,756
Total	33,068	3,130	(407)	567	—	1,733	38,091	29,578	8,513

[1] *During the year ended December 31, 2023, the Company recorded a loss of $86 in the consolidated statement of loss in Foreign exchange (gain) loss (2022: gain of $1,541) and a loss of $282 in the consolidated statement of comprehensive income (loss) in Unrealized gain on translation of foreign operations (2022: gain of $192).*
[2] *Following a revision of Synergy's loan agreements, the debt was converted into one single loan at FVTPL in the fourth quarter of 2023.*

Moksha 8

On February 15, 2019, the Company entered into a financing agreement with Moksha8 for up to $159,150 [US$125,000] ("Financing Agreement"), subject to certain conditions, of which $13,134 [US$10,000] was initially issued and recorded at FVTPL. The loan bears interest at 15% per annum and matures five years from the issuance date. On September 30, 2019, the Company loaned an additional $1,987 [US$1,500] to Moksha8 at an interest rate of 15% per annum. Furthermore, Knight received warrants of Moksha8.

In September 2023, Acino announced it entered into an agreement to acquire Moksha8, which was closed in Q4-23 ("Moksha8 Acquisition Transaction"). The Company collected the remaining principal balance of the loan and the fair value of the warrants upon the closing of the Moksha8 Acquisition Transaction. Refer to Note 16 - *Other Financial Assets* of the Consolidated Annual Financial Statements for the fair value of the strategic loan receivable and the warrants, as well as the gain recognized in the income statement line *Net (gain) loss on financial instruments measured at fair value through profit or loss*.

60P

On December 10, 2015, the Company entered into a strategic loan agreement with 60P ("60P Loan"). In July 2023, 60P announced the closing of its IPO on the Nasdaq Capital markets raising a total gross proceeds of US$7,500. The fair value of the 60P Loan was nil since December 2019 and the nominal value prior to the IPO was $8,195 [US$ 6,310].

Concurrent with the IPO, Knight executed a debt conversion agreement to convert the 60P Loan into common shares, preferred shares, certain product rights and a milestone payment of US$10,000 payable upon the sale of Arakoda® or 60P ("60P Conversion Agreement"). Knight received 1,153,897 common shares of 60P representing 19.9% outstanding shares as at December 31, 2023. Furthermore, Knight received 78,803 preferred shares with a nominal value of $10,655 [US$7,880] and a cumulative dividend yield of 6%. If certain conditions are met, the preferred shares may be converted, at 60P's option, into its common shares using the lower of the 10-day weighted average price of common shares prior to the conversion or the IPO price. As of December 31, 2023 the assets received are measured at FVTPL and are classified in the category Equity Investments measured at FVTPL in the Annual Financial Statements.

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Section 9 – Strategic Investments

Fund investments

Knight invests in life sciences venture capital funds in which the Company earns a return similar to any other limited partner in the fund and may receive preferential access to innovative healthcare products from around the world for Canada and select international markets. Since inception of the fund strategy, Knight has committed to invest with the following capital fund managers for approximately $136,604 of which $8,751 remains committed as at December 31, 2023. To date, the investments in venture capital funds have led to the Canadian in-license of a portfolio of products from Advaxis. Knight does not expect to invest in additional venture capital funds.

Entity	Expected / Exit Date	Fund Commitments In Source Currency	In CAD[1]
Teralys Capital	Oct-29	C$30,000	$30,000
Domain Associates LLC	Dec-27	US$25,000	$29,063
Forbion Capital Partners	Oct-25	EUR19,500	$27,550
Sectoral Asset Management	Jul-25	US$13,000	$13,919
Sanderling Ventures LLC	Dec-27	US$10,000	$11,625
HarbourVest Partners LLC	Apr-30	C$10,000	$10,000
TVM Capital GmbH	Mar-25	US$1,600	$1,996
Bloom Burton Healthcare Lending Trust[2]	Dec-23	C$1,500	$1,500
Genesys Capital Management (Fund lll) Inc.	Aug-31	C$1,000	$1,000
Total			**$126,653**

[1] *Converted at the Bank of Canada noon exchange rates as of the commitment date (using the December 31, 2023 closing rates total fund commitment would be $136,604).*
[2] *Represents an investment in a debt fund.*

As at December 31,	2023	2022
Inception to date:		
Capital calls	159,781	156,339
Distributions received	(129,326)	(124,273)
Realized gain	70,062	68,451
Unrealized gain	8,205	31,887
TVPI[1]	**1.49x**	**1.65x**
Contingent gains[2]	12,914	11,504
TVPI[1] considering contingent gains[2]	**1.57x**	**1.73x**

[1] *TVPI represents total value to paid-in ratio which is calculated as distributions received from the strategic funds and the residual value not yet realized relative to the contributed paid-in capital.*
[2] *Knight does not record certain contingent gains related to the investments in the strategic funds until it is probable that such gains will be realized. Contingent gains on the investments in the strategic funds include milestones payments to the strategic funds based upon achieving certain events such as clinical success of a trial, regulatory approval of a drug or certain sales-based event.*

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The following table summarizes the movement in fund investments recorded at FVTPL during the years ended December 31:

	Carrying value as at January 1	Additions[1]	Distributions[2,3]	Net gain (loss) on FA	Foreign exchange[4]	Carrying value as at December 31	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023	**132,404**	**4,652**	**(5,290)**	**(21,983)**	**(834)**	**108,949**	**—**	**108,949**
2022	151,389	6,307	(6,478)	(23,325)	4,511	132,404	—	132,404

[1] *Investments in equity or debt funds including US$50 and EUR 1,209 (2022: US$870 and EUR 1,552). Include non-cash additions of $2,398 (2022: $2,476).*
[2] *Distribution received or receivable from funds including US$46 and EUR 798 (2022:* EUR 2,221)
[3] *Includes distribution receivable of $874 (2022: $404). Include non-cash distributions of $2,856 (2022: $2,493).*
[4] *During the year ended December 31, 2023, recorded a gain of $970 in the consolidated statement of loss in Foreign exchange (gain) loss (2022: loss of $1,245), and a loss of $1,887 in the statement of comprehensive income (loss) in Unrealized gain (loss) on translation of foreign operations (2022: gain of $5,756).*

Forbion Capital Partners

On July 24, 2018 REPL, an investment held within Forbion Capital Partners ("Forbion"), announced the closing of its initial public offering at a public offering price of US$15 per share. During the three month and year ended December 31, 2023, the Company recorded an unrealized loss of $5,945 [US$4,495] and $12,856 [US$9,720], respectively, and a life to date unrealized gain of $2,938 [US$2,221] in connection with REPL.

Domain Associates LLC

On May 26, 2021 SGS, an investment held within Domain Associated LLC ("Domain"), announced the closing of its initial public offering at a public offering price of US$22 per share. During the three-month and year ended December 31, 2023, the Company recorded an unrealized gain of $118 [US$89] and an unrealized loss of $2,308 [US$1,745], respectively, and a life to date unrealized loss of $959 [US$725] in connection with SGS.

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RISK MANAGEMENT

Section 10 - Risk Management

10.1 Currency risk

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

Currency risks in net financial assets

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

	$
Foreign Exchange Risk (5% change)	
USD	**7,678**
EUR	**896**
BRL	**(465)**
ARS	**(14)**
CLP	**(219)**
COP	**(397)**
MXN	**8**

10.2 Equity price risk

The carrying values of the investments subject to equity price risk are:

Years ended December 31,	**2023**	2022
	$	$
Equity investments	**3,413**	3,957
Investments in funds	**108,949**	132,404
Derivatives	**303**	2,111
Total	**112,665**	138,472

The Company monitors its equity investments for impairment on a periodic basis and at least every reporting period. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments

and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the volume of trade, as well as Securities Exchange Regulations. The Company's Board of Directors regularly reviews and approves equity investment decisions.

10.3 Interest rate risk

The Company is subject to interest rate risk on the interest income generated on its cash, cash equivalents and marketable securities. Details regarding maturity dates and effective interest rates are described in Note 7 - *Marketable Securities* of the C*onsolidated Annual Financial Statement*. Assuming all other variables remain constant, a 1% decline on the interest rate generated on cash, cash equivalents and marketable securities would have resulted in a reduction of interest income of $1,618 over a one-year period.

The Company is exposed to interest rate risks in connection with its bank loans borrowings. Details regarding maturity dates and effective interest rates are described in Section 6 *Liquidity and Capital Resources* of *Management's Discussion and Analysis*. The Bancolombia and IFC loans have a variable interest rate that fluctuates with the CDI, IBR and TIIE rates. The applicable CDI, IBR and TIIE are the average rates applicable during each interest period. Assuming all other variables remain constant, a 1% increase in the interest rate would have resulted in an increase of interest expense of $619 over a one-year period.

10.4 Liquidity risk

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

As at December 31, 2023, there were no restrictions on the flow of these funds nor have any of these funds been committed in any way, except as set out in note 4 - *Marketable Securities* of the *Consolidated Annual Financial Statements*.

10.5 Credit risk

The Company considers its maximum credit risk to be $218,287 (December 31, 2022: $273,860) which is the total of the following assets: trade receivable, other receivable, interest receivable, loans receivable and investment in funds.

The short-term investments, such as marketable securities, and cash equivalent balances are subject to minimal risk of changes in value and are invested in institutions with a S&P or DBRS credit rating of A, R1(low) or better. Currently, the Company's short-term investments and cash equivalent balances are invested in one Canadian financial institution.

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

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

10.6 External environment and inflation risk

The current global macroeconomic environment is characterized by elevated levels of inflation due to several external factors including global supply chain constrains, ongoing conflicts between Ukraine and Russia as well as in the Middle East, and volatile global financial and economic conditions. Despite the reduction in inflation in the most recent months in response to aggressive monetary tightening policies implemented by central banks around the world, the Company continues to experience increased inflationary pressures, across all Knight's geographies, on operating expenses including, but not limited to, compensation costs, raw material and product costs driven by rising costs of our partners and suppliers in both developed and developing markets. Such increase in costs cannot be matched to the same extent by increases in our product prices due to local pricing regulations and competitive pressure for certain of our products. There is no assurance that continued inflation pressures will not have similar impacts on Knight's future operations.

10.7 Impact of ongoing conflicts

We do not have any business operations in Israel, Ukraine or Russia. As the situation is changing rapidly, it is not possible to predict how the ongoing conflicts will affect global supply chains, commodity prices, the overall economic environment, or financial markets as the conflict has lasted longer than previously anticipated and could last for an extended period of time.

While the ongoing conflicts has not resulted in disruption of our supply of raw materials, we are actively monitoring for any potential impacts arising from it. The continued risk surrounding the ongoing conflicts and any escalations may have a material adverse impact on our business, financial condition and results of operations.

10.8 Emerging market risk

The Company is exposed to additional risks related to investing and operating in international locations including emerging markets. Operating in such markets carries substantial inherent financial, legal and political risks. If Knight cannot integrate its acquisition successfully, these changes could have a material adverse effect on the business, financial condition, results of operations and cash flows. In addition, operating in international jurisdictions are subject to risks inherent in conducting business abroad, including possible nationalization or expropriation, price and currency exchange controls, fluctuations in the relative values of currencies, political instability and restrictive governmental actions. In addition to its exposure to operating in emerging markets, Knight is further exposed to the global inflationary environment. Refer to Section 10.6 - *External environment and inflation risk* for further details.

10.9 Risk factors

An investor should carefully consider the information contained in this MD&A, in addition to the risk factors discussed in the Company's AIF under the heading "Risk Factors", which section is hereby incorporated herein by reference. The disclosures in this MD&A are subject to the risk factors outlined in the AIF. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. If any one or more of the risks occur as outlined in the AIF, the Company's business, financial condition and results of operations could be seriously harmed. Further, if the Company fails to meet the expectations of the public market in any given period, the market price of the Company's common shares could decline. Before making an investment decision, each prospective investor should carefully consider the risk factors included in the AIF and other public documents.

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

Management's Discussion and Analysis for the year ended December 31, 2023
(In thousands of Canadian dollars, except for share and per share amounts)

ADDITIONAL INFORMATION

Section 11 – Selected Quarterly Financial Information

	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Revenues	**74,197**	81,500	89,905	82,597	81,655	72,281	75,820	63,807
Net income (loss)	**(24,326)**	9,588	1,840	(3,937)	(15,188)	1,591	2,516	(18,811)
Adjusted EBITDA[1]	**12,057**	15,512	14,269	18,237	13,821	9,009	17,890	13,312
Adjusted EBITDA per share[1]	**0.15**	0.15	0.13	0.17	0.12	0.08	0.16	0.11
EPS - Basic and diluted	**(0.23)**	0.09	0.02	(0.04)	(0.13)	0.01	0.02	(0.16)
Common shares outstanding (in thousands)	**101,170**	105,045	107,177	110,082	112,206	113,958	114,623	116,546
Cash, cash equivalents and marketable securities	**161,825**	153,815	141,623	160,469	172,674	145,142	136,235	156,396
Total assets	**945,493**	1,011,149	1,013,743	1,044,774	1,054,836	1,035,343	1,001,134	995,422
Total non-current liabilities	**84,593**	81,407	84,549	90,453	87,658	41,295	45,411	44,526

[1] *Adjusted EBITDA and Adjusted EBITDA per share are non-GAAP measures. Refer to Section 3.5 - Non-GAAP measures for additional details.*

Section 12 – Outstanding Share Data

The table below summarizes the share data:

As at	**March 13, 2024**	**December 31, 2023**
Common shares	101,170,382	101,170,382
Stock options	4,577,782	4,577,782
RSUs	322,539	324,784
PSUs	729,992	732,237
DSUs	147,364	147,364
Warrants	174,228	174,228

On July 12, 2023, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2023 NCIB"). Under the terms of the 2023 NCIB, Knight may purchase for cancellation up to 5,999,524 common shares of the Company which represented 10% of its public float as at June 30, 2023. The 2023 NCIB commenced on July 14, 2023 and will end on the earlier of July 13, 2024 or when the Company completes its maximum purchases under the NCIB. Furthermore, Knight entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB. Under Knight's automatic share purchase plan, the broker may purchase common shares which would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods. A copy of the notice to commence the NCIB is available without charge by contacting the Company by email at info@knighttx.com or by phone at 514-484-4483.

During the year ended December 31, 2023, the Company purchased 11,125,288 (2022: 5,649,189) common shares at an average price of $4.82 (2022: 5.34) for aggregate cash consideration of $53,479 (2022: $30,069).

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

The historical purchases of shares through Knight's NCIB program since inception are as follows:

Launch Date	Status[1]	Total Shares Approved for Buy-Back	Shares Purchased[1]	Average Purchase Price ($)	Total Cash Consideration ($)[1]
July 11, 2019	Completed	12,053,693	12,053,693	7.14	86,094
July 14, 2020	Completed	10,856,710	6,193,169	5.33	32,991
July 14, 2021	Completed	10,267,956	10,267,956	5.25	53,869
July 14, 2022	Completed	7,988,986	7,785,625	4.99	38,871
July 14, 2023	Active	5,999,524	5,793,863	4.83	27,989
Total		**47,166,869**	**42,094,306**	**5.70**	**239,814**

[1] *Each NCIB is carried over a maximum period of one year from launch date. The shares purchased and total cash consideration is over that one-year period.*

Section 13 – Use of Proceeds from Financing

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

As at December 31, 2023, Knight had deployed and invested or committed to deploy and invest over $925,000 for the purposes disclosed in the prospectuses, as described above. Knight anticipates that it has sufficient funds available to achieve its business objectives and milestones as listed in the prospectuses.

Section 14 – Payment of Dividends

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

Section 15 – Product Pricing Regulation on Certain Drug Products

For details on pricing regulations and pricing risks in the various markets where Knight operates, refer to Knight Therapeutics Inc., Annual Information Form filed on SEDAR+ at www.sedarplus.ca.

Management's Discussion and Analysis for the year ended December 31, 2023
(In thousands of Canadian dollars, except for share and per share amounts)

Section 16 – Financial Instruments

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

Section 17 – Off-balance Sheet Arrangements

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

Section 18 – Commitments

In the normal course of business, the Company secures development, sales, marketing and distribution rights to innovative drug products requiring royalties or product payments. These payments are considered normal operating commitments and as such are not included herein. The Company has entered into various agreements which include contractual commitments extending beyond the current year. These commitments are classified into three major categories: fund commitments, milestone and purchase commitments. The commitments of the Company as at December 31, 2023 are as follows:

[i] Fund commitments

As at December 31, 2023, under the terms of Company's agreements with life sciences venture capital funds, $8,751 (December 31, 2022: $11,787), including $750 [US$567] (December 31, 2022: $865 [US$639] and $1,078 [EUR 745]), may be called over the life of the funds (based on the closing foreign exchange rates).

As at March 20, 2024, $8,766 remains to be called by life science venture capital funds.

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

[ii] Milestones and purchase commitments

Under certain agreements, Knight may have to pay additional consideration should the Company achieve certain sales volumes or if certain milestones are met, such as regulatory approval. The Company may have to pay up to $374,805 including $87,014 [US$65,790], $155,689 [CHF 98,800] and $1,818 [EUR 1,243] (December 31, 2022: up to $359,567 including $74,776 [US$55,210], $144,851 [CHF 98,800] and $1,436 [EUR 993]) upon achieving certain sales volumes, regulatory or other milestones related to specific products.

As at March 20, 2024, the Company may have to pay up to $386,722 upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $10,504 [CHF 4,987, US$2,000] (December 31, 2022: $11,710 [EUR 738, CHF 5,412, US$2,000]) of inventory for pharmaceutical products during the five-year period after their respective commercial launch. For products that are currently launched, the Company has committed to inventory purchases of $164,437 [BRL 285,200, US$48,402 and CHF 14,390] (December 31, 2022: $212,744 [BRL 427,800, US$64,182 and CHF 11,059]), which will be purchased over the next 7 years.

	$
2024	55,507
2025	56,177
2026	17,526
2027	17,748
2028 and beyond	17,479
Total	**164,437**

As at March 20, 2024, Knight has a commitment to purchase up to $7,641 of inventory for pharmaceutical products during the five-year period after their respective commercial launch and has a commitment to purchase $155,865 for products that are currently launched.

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

Section 19 – Related party transaction

Pharmascience Inc., a company related to the Company's Executive Chairman of the Board of Directors, provided administrative services of approximately $41 (2022:$34) to the Company for the year ended December 31, 2023.

Management's Discussion and Analysis for the year ended December 31, 2023
(In thousands of Canadian dollars, except for share and per share amounts)

Section 20 – Segment Reporting

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

Geographic information

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

	Three months ended December 31,				
	2023	**2022**	**2022**	**Change**	
	Excluding impact of IAS 29[3]	*Excluding impact of IAS 29*[3]	*Constant Currency*[4]	*Excluding impact of IAS 29*[3]	
Revenue	$	$	$	$[1]	%[2]
Brazil	**45,004**	42,039	**44,758**	2,965	7%
Colombia	**12,080**	11,462	**13,609**	618	5%
Argentina	**10,275**	11,177	**11,177**	(902)	8%
Rest of LATAM	**12,166**	11,266	**11,692**	900	8%
Canada	**5,726**	3,989	**3,989**	1,737	44%
Other[5]	**3,151**	3,873	**3,813**	(722)	19%
Total	**88,402**	83,806	**89,038**	4,596	5%

[1] *A positive variance represents a positive impact to revenue and a negative variance represents a negative impact to revenue.*

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

[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

[4] *Revenues at constant currency is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

[5] *Includes Europe, US and other countries.*

	Change Excluding impact of IAS 29[3]			
Revenue	$[1]	%[2]		
Brazil	2,965	7%	•	Driven by appreciation of the BRL vs. CAD
Colombia	618	5%	•	No significant variance
Argentina	(902)	8%	•	Due to lifecycle of mature products
Rest of LATAM	900	8%	•	No significant variance
Canada	1,737	44%	•	Growth of key promoted products including Trelstar® and the assumption of commercial activities of Akynzeo® in late 2022.
Other	(722)	19%	•	No significant variance
Total	**4,596**	**5%**		

[1] *A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).*

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

[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

Management's Discussion and Analysis for the year ended December 31, 2023

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

	Year ended December 31,				
	2023	**2022**	**2022**	**Change**	
	Excluding impact of IAS 29[3]	*Excluding impact of IAS 29*[3]	*Constant Currency*[4]	*Excluding impact of IAS 29*[3]	
Revenue	$	$	$	$[1]	%[2]
Brazil	**167,951**	133,888	**142,976**	34,063	25%
Colombia	**44,849**	46,275	**47,162**	(1,426)	3%
Argentina	**39,297**	46,698	**46,698**	(7,401)	16%
Rest of LATAM	**54,153**	39,721	**42,664**	14,432	36%
Canada	**19,636**	11,318	**11,318**	8,318	73%
Other[5]	**17,252**	13,870	**14,681**	3,382	24 %
Total	**343,138**	291,770	**305,499**	51,368	

[1] *A positive variance represents a positive impact to revenue and a negative variance represents a negative impact to revenue.*

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

[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

[4] *Revenues at constant currency is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

[5] *Includes Europe, US and other countries.*

	Change Excluding impact of IAS 29[3]		
Revenue	$[1]	%[2]	
Brazil	34,063	25%	• Due to incremental revenues of $18,200 AmBisome® related to the MOH contract and the growth of promoted products including Lenvima® and Cresemba® as well as the relaunch of Akynzeo® in H2-22 • Increase of approximately $6,200 due to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales of Exelon® • Increase of $9,088 due to the appreciation of the BRL vs. the CAD
Colombia	(1,426)	3%	• The growth of promoted products including Lenvima® and Cresemba® offset by the planned transition and termination agreement of the Gilead Amendment effective July 1, 2022
Argentina	(7,401)	16%	• Due to lifecycle of mature products
Rest of LATAM	14,432	36%	• The growth of promoted products including Lenvima® and Cresemba® as well as purchasing patterns of certain customers • Incremental revenues of approximately $3,500 due to the change in accounting treatment from net profit transfer to recognition of revenues and cost of sales of Exelon® • Increase of $3,000 due to the appreciation of select LATAM currencies
Canada	8,318	73%	• Growth of key promoted products including Trelstar® and the assumption of commercial activities of Akynzeo® in late 2022.
Other	3,382	24%	• Due to higher demand of Impavido®
Total	**51,368**		

[1] *A positive variance represents a positive impact to net income (loss) and a negative variance represents a negative impact to net income (loss).*

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

[3] *Revenues excluding the impact of IAS 29 is a non-GAAP measure. Refer to Section 3.5 - Non-GAAP measures for additional details.*

Management's Discussion and Analysis for the year ended December 31, 2023
(In thousands of Canadian dollars, except for share and per share amounts)

As at December 31, 2023 and December 31, 2022, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, right-of-use assets and other long-term receivables were held in the following geographic areas:

As at	**December 31, 2023**	December 31, 2022
	$	$
Non-current operating assets		
Canada	**74,401**	63,217
Brazil	**57,351**	56,581
Argentina	**26,544**	34,562
Colombia	**15,632**	15,723
Uruguay	**181,308**	201,889
Luxembourg	**38,635**	45,998
Rest of LATAM	**39,327**	70,655
Total	**433,198**	488,625

Section 21 – Significant Accounting Estimates and Assumptions

The preparation of the Company's interim condensed consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts or revenues and expenses during the reporting period. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ materially from those estimates. Our significant accounting estimates and assumptions are reported in Note 3 - *User of judgments and estimates* of our 2023 Annual Financial Statements.

Recent accounting pronouncements

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

Section 22 – Disclosure Controls and Procedures

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

Section 23 – Internal Control Over Financial Reporting (ICFR)

The Company's management is responsible for establishing and maintaining adequate Internal Control Over Financial Reporting (ICFR). The Company has designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

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

For the year ended December 31, 2023, management has evaluated the design and operating effectiveness of its ICFR as defined in NI 52-109. The evaluation was based on the criteria established in the "Internal Control-Integrated Framework" issued by the COSO. This evaluation was performed internally by the Company. Based on this evaluation, management concluded that the ICFR were appropriately designed and no material weaknesses or significant deficiencies were noted, as at December 31, 2023.

During the year ended December 31, 2023, there was no significant changes in our internal control over financial reporting that materially affected or is reasonably likely to materially affect the Company's internal controls over financial reporting.

Audited Annual Consolidated Financial Statements

Knight Therapeutics Inc.
December 31, 2023

Independent auditor's report

To the Shareholders of **Knight Therapeutics Inc.**

Opinion

We have audited the consolidated financial statements of **Knight Therapeutics Inc.** and its subsidiaries [the "Group"], which comprise the consolidated balance sheets as at December 31, 2023 and 2022, the consolidated statements of loss, consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRS"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment assessment of goodwill of the Knight Therapeutics Europe S.A. operations

Key audit matter

As at December 31, 2023, the carrying value of goodwill amounted to $79.8 million. For goodwill, management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of these assets. When performing its goodwill impairment test, the Group estimates the recoverable amount for each cash generating unit ("CGU") or group of CGUs to which goodwill has been allocated using the value-in-use method, whereby the net cash flows are determined based on budgets approved by the board of directors. The Group discloses significant judgments, estimates and assumptions and the result of their analysis in respect of impairment in Notes 2.3, 3 and 15 to the consolidated financial statements.

We have determined that auditing management's goodwill impairment test is a key audit matter given the complexity, degree of judgment, and subjectivity used in evaluating management's estimates and assumptions in determining the recoverable amount of the CGU. Significant assumptions included the revenue growth rates, profit margin, operating expenses, perpetual growth rate and discount rates, which are affected by expectations about future market and economic conditions including macroeconomic factors.

How our audit addressed the key audit matter

Our audit procedures included, among others, the following:

- Obtained and evaluated management's impairment model and assessed the reasonableness of key assumptions used in the calculations, comprising revenue growth rates, profit margin, operating expenses, perpetual growth rate and discount rates.
- We obtained an understanding of and evaluated management's basis for determining the assumptions, and compared them to economic growth forecasts, comparable companies, as well as internal evidence available;
- Assessed the historical accuracy of the Group's estimates with respect to cash flow projections in previous periods by comparing to current results;
- Evaluated the Group's discount rates and valuation methodology with the assistance of our valuation specialists;
- Performed sensitivity analysis on significant assumptions to assess the sensitivity of the estimate to change, and the impact on the results of the impairment assessment;
- Evaluated management's disclosure in the notes to the consolidated financial statements of significant judgments in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sylvain Boucher.

Ernst & Young LLP[1]

Montréal, Canada
March 20, 2024

[1] CPA auditor, public accountancy permit no. A113209

CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

As at December 31,	*Notes*	**2023**	2022
ASSETS			
Current			
Cash and cash equivalents	*6*	**58,761**	71,679
Marketable securities	*7*	**95,657**	85,826
Trade receivables	*8*	**88,722**	94,890
Other receivables	*9*	**7,427**	11,290
Inventories	*10*	**91,834**	92,489
Prepaids and deposits		**4,881**	3,344
Other current financial assets	*16, 17*	**15,753**	33,716
Income taxes receivable		**2,080**	2,385
Total current assets		**365,115**	395,619
Marketable securities	*7*	**7,407**	15,169
Prepaids and deposits		**7,767**	3,266
Right-of-use assets	*11*	**6,190**	5,827
Property, plant and equipment	*12*	**11,669**	16,806
Intangible assets	*13*	**289,960**	338,780
Goodwill	*15*	**79,844**	82,274
Other financial assets	*16, 17*	**112,616**	142,847
Deferred tax assets	*25*	**19,390**	9,310
Other long-term receivables	*19*	**45,535**	44,938
Total non-current assets		**580,378**	659,217
Total assets		**945,493**	1,054,836

CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

As at December 31,	*Notes*	**2023**	2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	*20*	**85,366**	106,061
Lease liabilities	*11*	**1,728**	2,578
Other liabilities		**1,046**	5,793
Bank loans	*18*	**17,850**	17,674
Income taxes payable		**1,182**	2,274
Other balances payable		**6,857**	6,941
Total current liabilities		**114,029**	141,321
Accounts payable and accrued liabilities	*20*	**5,251**	2,669
Lease liabilities	*11*	**5,497**	5,050
Bank loans	*18*	**44,016**	52,398
Other balances payable		**27,012**	23,176
Deferred tax liabilities	*25*	**2,817**	4,365
Total liabilities		**198,622**	228,979
Shareholders' equity			
Share capital	*22 [i]*	**540,046**	599,055
Warrants		**117**	117
Contributed surplus		**25,991**	23,664
Accumulated other comprehensive income	*23*	**29,829**	41,266
Retained earnings		**150,888**	161,755
Total shareholders' equity		**746,871**	825,857
Total liabilities and shareholders' equity		**945,493**	1,054,836

Commitments [note 31]
See accompanying notes

CONSOLIDATED STATEMENTS OF LOSS

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

Years ended December 31,	*Notes*	**2023**	2022
Revenues	*27*	**328,199**	293,563
Cost of goods sold		**175,547**	155,502
Gross margin		**152,652**	138,061
Expenses			
Selling and marketing		**46,279**	48,474
General and administrative		**37,414**	40,150
Research and development		**17,549**	14,755
Amortization of intangible assets	*13*	**45,040**	51,742
Impairment of non-current assets	*14*	**9,260**	23,984
Operating loss		**(2,890)**	(41,044)
Interest income on financial instruments measured at amortized cost		**(8,667)**	(4,072)
Other interest income		**(3,908)**	(6,560)
Interest expense		**12,488**	6,600
Other income	*21*	**(2,905)**	(4,025)
Net loss on financial assets measured at fair value through profit or loss	*16*	**10,224**	20,677
Foreign exchange (gain) loss		**15,169**	(7,442)
Gain on hyperinflation		**(3,303)**	(2,262)
Loss before income taxes		**(21,988)**	(43,960)
Income taxes			
Current	*25*	**3,973**	3,057
Deferred	*25*	**(9,126)**	(17,125)
Income tax recovery		**(5,153)**	(14,068)
Net loss		**(16,835)**	(29,892)
Basic and diluted net loss per share	*26*	**(0.16)**	(0.26)
Basic and diluted weighted average number of common shares outstanding	*26*	**107,465,978**	114,890,252

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

[In thousands of Canadian dollars]

Years ended December 31,	**2023**	2022
Net loss for the year	**(16,835)**	(29,892)
Other comprehensive income, net of income taxes		
Items that may be reclassified subsequently to net income or loss:		
Unrealized gain (loss) on translation of foreign operations	**(11,151)**	41,531
Items permanently in other comprehensive income or loss:		
Net gain (loss) on equity investments at fair value through other comprehensive income, net of income taxes of $44 (2022: ($25))	**(286)**	111
Other comprehensive income (loss)	**(11,437)**	41,642
Total comprehensive income (loss)	**(28,272)**	11,750

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

[In thousands of Canadian dollars]

	Notes	**Share capital**	**Warrants**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Retained earnings**	**Total Shareholders' equity**
Balance as at January 1, 2022		628,854	117	21,776	(376)	191,647	842,018
Net loss		—	—	—	—	(29,892)	(29,892)
Other comprehensive income for the year		—	—	—	41,642	—	41,642
Comprehensive income (loss)		—	—	—	41,642	(29,892)	11,750
Share-based compensation expense	*22 [ii]*	—	—	1,888	—	—	1,888
Issuance under share purchase plan	*22 [ii]*	387	—	—	—	—	387
Shares purchased under Normal Course Issuer Bid	*22 [iii]*	(30,186)	—	—	—	—	(30,186)
Balance as at December 31, 2022		599,055	117	23,664	41,266	161,755	825,857
Balance as at January 1, 2023		**599,055**	**117**	**23,664**	**41,266**	**161,755**	**825,857**
Net loss		**—**	**—**	**—**	**—**	**(16,835)**	**(16,835)**
Other comprehensive loss for the year		**—**	**—**	**—**	**(11,437)**	**—**	**(11,437)**
Comprehensive loss		**—**	**—**	**—**	**(11,437)**	**(16,835)**	**(28,272)**
Share-based compensation expense	*22 [ii]*	**—**	**—**	**2,327**	**—**	**—**	**2,327**
Issuance under share purchase plan	*22 [ii]*	**438**	**—**	**—**	**—**	**—**	**438**
Shares purchased under Normal Course Issuer Bid	*22 [iii]*	**(59,447)**	**—**	**—**	**—**	**5,968**	**(53,479)**
Balance as at December 31, 2023		**540,046**	**117**	**25,991**	**29,829**	**150,888**	**746,871**

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of Canadian dollars]

Years ended December 31,	*Notes*	**2023**	2022
OPERATING ACTIVITIES			
Net loss for the year		**(16,835)**	(29,892)
Adjustments reconciling net loss to operating cash flows:			
Deferred income tax recovery		**(9,126)**	(17,125)
Share-based compensation expense	*22 [ii]*	**2,327**	1,888
Depreciation and amortization		**50,397**	62,621
Impairment of non-current assets	*14*	**9,260**	23,984
Net loss on financial assets measured at fair value through profit or loss	*16*	**10,224**	20,677
Interest expense		**12,488**	2,082
Accrued interest income		**1,115**	(3,024)
Unrealized foreign exchange (gain) loss		**7,405**	(8,479)
Gain on hyperinflation		**(3,303)**	(2,262)
		63,952	50,470
Changes in non-cash working capital and other items	*29*	**(28,013)**	(5,470)
Cash inflow from operating activities		**35,939**	45,000
INVESTING ACTIVITIES			
Purchase of marketable securities		**(331,909)**	(181,642)
Purchase of intangible assets		**(9,008)**	(22,931)
Purchase of property and equipment		**(950)**	(2,885)
Issuance of loans receivable		**—**	(2,741)
Investment in funds	*16 [iv]*	**(2,254)**	(3,831)
Proceeds on maturity of marketable securities		**328,614**	144,817
Proceeds on sale of property and equipment		**1,924**	—
Proceeds from repayments of loans receivable	*16 [i]*	**23,637**	407
Proceeds from disposal of equity investments and derivatives	*16 [ii]*	**16,853**	1,742
Proceeds from distribution of funds	*16 [iv]*	**2,434**	3,985
Cash inflow (outflow) from investing activities		**29,341**	(63,079)
FINANCING ACTIVITIES			
Proceeds from contributions to share purchase plan	*22*	**380**	340
Proceeds from bank loans		**4,796**	51,783
Repurchase of common shares through Normal Course Issuer Bid	*22 [iii]*	**(53,479)**	(30,069)
Principal repayment of lease liabilities		**(2,851)**	(2,750)
Principal repayments on bank loans		**(19,969)**	(17,542)
Interest paid on bank loans		**(9,879)**	(4,519)
Cash outflow from financing activities		**(81,002)**	(2,757)
Decrease in cash and cash equivalents during the year		**(15,722)**	(20,836)
Cash and cash equivalents, beginning of the year		**71,679**	85,963
Net foreign exchange difference		**2,804**	6,552
Cash and cash equivalents, end of the year		**58,761**	71,679
Supplemental cash flow information:			
Interest received		**13,690**	7,608
Interest paid		**(9,879)**	(4,519)
Net income taxes paid		**(5,416)**	(5,673)

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Company
60P	60^{o} Pharmaceuticals, LLC
Crescita	Crescita Therapeutics Inc.
Knight or the Company	Knight Therapeutics Inc.
Moksha8	Moksha8, Inc.
Synergy	Synergy CHC Corp.

Abbreviation	Currency
ARS	Argentine Peso
BRL	Brazilian Real
C$ or $ or CAD	Canadian Dollar
CHF	Swiss Franc
CLP	Chilean Peso
COP	Colombian Peso
EUR	Euro
MXN	Mexican Peso
US$/USD	U.S. Dollar

Abbreviation	Other
Annual Financial Statements	Audited annual consolidated financial statements
AOCI	Accumulated other comprehensive income
CDI	Certificados de Depósitos Interfinanceiros (Brazil interbank lending rate)
CEO	Chief Executive Officer
CGU	Cash generating unit
CRA	Canada Revenue Agency
DSU	Deferred share units
ECL	Expected credit loss
FA	Financial Assets
FDA	Food and Drug Administration (United States)
FV	Fair value
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
G&A	General and administrative
GIC	Guaranteed Investment Certificate
IAS	International Accounting Standards
IBR	Incremental borrowing rate
IFC Loan	Five-year secured loan denominated in select LATAM currencies received from International Finance
IFRS	International Financial Reporting Standards
LATAM	Latin America
NCIB	Normal Course Issuer Bid
PRV	Priority Review Voucher
PSU	Performance share units
RE	Retained earnings
RQ	Revenue Quebec
RSU	Restricted share units
TIIE	Tasa de Interés Interbancaria de Equilibrio (Mexico Interbank Equilibrium Interest Rate)
WAFV	Weighted average fair value

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. NATURE OF OPERATIONS

Description of business

Knight was incorporated on November 1, 2013 under the Canada Business Corporations Act. The Company is a specialty pharmaceutical company, and its principal business activity is acquiring, in-licensing, out-licensing, developing, manufacturing, marketing and distributing pharmaceutical products in Canada, Latin America and select international markets. The Company's corporate headquarters are located at 3400 de Maisonneuve Boulevard West, Suite 1055, Montreal, Quebec, H3Z 3B8. Knight is listed on the Toronto Stock Exchange under the ticker symbol "GUD".

2. ACCOUNTING POLICIES

2.1 Basis of presentation

The consolidated financial statements of the Company for the year ended December 31, 2023, have been prepared in accordance with IFRS. The policies set out below have been consistently applied to all the periods presented.

These consolidated financial statements were approved by the Company's Board of Directors on March 20, 2024.

2.2 Basis of consolidation

The consolidated financial statements of the Company include the accounts of Knight Therapeutics Inc. and all its subsidiaries. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases.

The changes in the Company's ownership interest in a subsidiary that does not result in a change of control are accounted for as equity transactions with no effect on net income or on other comprehensive income.

These consolidated financial statements include the accounts of the Company and its subsidiaries as December 31, 2023 as follows:

Name	Jurisdiction of incorporation	%
11718991 Canada Inc.	Canada	100%
Knight Therapeutics International S.A.	Uruguay (Free Trade Zone)	100%
Knight Therapeutics (USA) Inc.	Delaware, USA	100%
Knight Therapeutics Europe S.A.[1]	Luxembourg	100%

[1]As of May 2, 2022, Biotoscana Investments S.A. changed its legal name to Knight Therapeutics Europe S.A., which directly and indirectly owns 22 companies, 6 of which are holding companies, 2 are non-operating companies and the remaining 14 are operating as LKM, United Medical and Biotoscana in 10 countries in LATAM.

All significant intercompany transactions, balances, revenues and expenses are eliminated upon consolidation. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

2.3 Summary of material accounting policies

Financial reporting in hyperinflationary economies

In July 2018, the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.) issued a release mentioning that, effective July 1, 2018, entities reporting under IFRS are required to apply the inflation adjustment since the applicable conditions for such application have been satisfied.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

IAS 29, Financial Reporting in Hyperinflationary Economies, has been applied to these consolidated financial statements as the Company's Argentine subsidiaries ("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, and shall be stated in terms of the measuring unit current at the end of the reporting period. To measure the impact of inflation on its financial position and results, the Company has elected to use the Retail Price Index (Indice de Precios al Consumidor or "IPC"). As at December 31, 2023 the IPC was 46,884 (2022: 15,055) which represented an increase of 211% compared to December 31, 2022.

All balance sheet items of Argentine subsidiaries are segregated into monetary and non-monetary items. Monetary items are units of currency held, and assets and liabilities to be received or paid, in fixed or determinable number of units of currency. These monetary items are not restated because they are already expressed in terms of the current monetary unit. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, and an entity with an excess of monetary liabilities over monetary assets gains purchasing power, to the extent the assets and liabilities are no linked to a price level. The gain or loss on the net monetary position is included in the consolidated statement of loss as *Gain on hyperinflation*.

Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit) are restated by applying the relevant index. After the IAS 29 restatement of non-monetary assets, it is necessary to consider whether the restated amount of the asset might exceed its recoverable amount and may result in an impairment charge. Additionally, the application of IAS 29 results in the creation of temporary differences because the book value of non-monetary assets is adjusted for inflation but no equivalent adjustments are made for tax purposes; the effect of such a temporary difference is a deferred tax liability and the related deferred tax expense that needs to be recognized in profit or loss.

The results and financial position of subsidiaries in Argentina, whose functional currency is the currency of a hyperinflationary economy, are first restated in accordance with IAS 29 and are then translated into the presentation currency.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The purchase consideration is allocated to the identifiable assets acquired and liabilities assumed on the basis of the fair value at the date of acquisition. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. The results of businesses acquired during the reporting period are consolidated into the consolidated financial statements from the date at which control commences.

Goodwill (the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed) is initially measured at cost. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation, measured at the respective functional currency, and translated at the spot exchange rate at the reporting date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Company's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The Company performs goodwill impairment tests on an annual basis, or more frequently if indicators of impairment are identified. An impairment loss is recognized in the event that the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount. The recoverable amount of a CGU or group of CGUs is measured as the higher of value in use and fair value less costs of disposal. Goodwill impairment losses are not reversed.

Foreign currency translation

[a] Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Company are presented in CAD, which is the parent Company's functional and presentation currency.

The results and financial position of subsidiaries in Argentina, whose functional currency is the currency of a hyperinflationary economy, are first restated in accordance with IAS 29 and are then translated into the presentation currency using the exchange rate at the current reporting date.

[b] Transactions and balances

Foreign currency transactions are initially recorded by the Company and its subsidiaries using the exchange rates prevailing at the date of the transaction (to convert to their respective functional currencies). At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the period-end exchange rates. Non-monetary assets and liabilities are translated at the historical exchange rates. Exchange gains and losses arising from the translation of foreign currency items are recognized in the consolidated statement of loss.

[c] Foreign operations

For subsidiaries that have a functional currency different from the parent Company, on consolidation, the assets and liabilities of foreign operations are translated into CAD at the exchange rate prevailing at the reporting date and their statements of income are translated using the average exchange rates for the period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

Inventories

Inventories include raw material, packaging components, work-in-progress and finished goods, which are valued at the lower of cost (average cost) and net realizable value. With regards to inventories of a subsidiary whose functional currency is that of an economy considered hyperinflationary, the cost is adjusted and translated into the reporting currency following the criteria mentioned in the *Financial Reporting in Hyperinflationary Economies* policy. Manufactured inventory cost includes the cost of raw materials, direct labour, an allocation of overhead and the cost to acquire finished goods. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and applicable selling expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments

Initial classification

The classification of the Company's financial instruments is the following:

Classification	Financial instruments	Description
Assets		
Financial assets measured at amortized cost	Cash	Cash balances with banks.
	Cash equivalents	Highly liquid investments that are readily convertible into a known amount of cash.
	Marketable securities	Liquid investments that are readily convertible into a known amount of cash.
	Trade and interest receivables	Amounts receivable from customers and third parties.
	Loans and other receivables	Loans receivable, debentures and long-term and short-term receivables.
Financial assets measured at FVTPL	Derivatives	Warrants, stock options and other.
	Investments in funds	Life sciences venture capital equity funds and debt funds.
	Investments in equities	Equities of publicly-traded and private entities acquired with the purpose of sale.
	Loans and other receivables	Loans receivable, debentures, hybrid instruments and long-term receivables.
Financial assets measured at FVOCI (with no recycling)	Investments in equities	Equities of publicly-traded and private entities acquired for strategic purposes.
Liabilities		
Financial liabilities measured at amortized cost	Accounts payable and accrued liabilities	Amounts payable to suppliers and third parties.
	Bank loans	Debt with financial institutions
	Other balances payable	Obligations to pay out certain future contractually pre-defined amounts upon meeting specific criteria recorded when the likelihood of attainment is deemed probable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Criteria for classification of financial assets

The Company analyzes each loan receivable and equity investment on an individual basis. The analysis and classification is driven by the following criteria:

Classification	Criteria
Loans and other receivables and investments in funds	
Amortized cost	• Held within a business model whose objective is to hold assets in order to collect contractual cash flows and; • Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
FVOCI (with recycling)	• Held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets and; • Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
FVTPL	• All loans receivable and investments in funds not measured at amortized cost or at FVOCI must be measured at FVTPL.
Investments in equity instruments	
FVTPL	• Investment acquired with the purpose of sale or; • Evidence of historical short-term profit making on similar instruments.
FVOCI (with no recycling)	• Investment made primarily for non-financial benefits such as strategic alliances and strategic investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Measurement

After classification as amortized cost, FVTPL or FVOCI, the Company uses the following policy for initial measurement and subsequent measurement at each reporting period:

Classification	Initial measurement	Subsequent measurement	Changes in fair value
Financial assets			
Amortized Cost	Fair value on the trade date less expected credit loss	Amortized cost using the effective interest method.	Reported in consolidated statement of loss when realized or impaired. Interest accretion on loans is recorded in *Interest income on financial instruments measured at amortized cost* on the consolidated statement of loss.
FVTPL	Fair value on the trade date	Re-measured at subsequent reporting dates to fair value using quoted market prices, if available. Re-measured using the Black-Scholes option pricing valuation model or other techniques if quoted market prices are not available.	Reported in *Net (gain) loss on financial instruments measured at FVTPL* on the consolidated statement of loss.
FVOCI (with no recycling)	Fair value on the trade date	Re-measured at subsequent reporting dates to fair value using quoted market prices, if available. Re-measured using the Black-Scholes option pricing valuation model or other techniques if quoted market prices are not available.	Reported in consolidated statement of comprehensive income (loss). There is no recycling of amounts from the statement of comprehensive income (loss) to the statement of loss upon the disposal of the financial asset.
Financial liabilities			
Amortized Cost	Fair value	Amortized cost using the effective interest method.	The interest accretion is recorded in *Interest expense* on the consolidated statement of loss.
FVTPL	Fair value	Re-measured at subsequent reporting dates to fair value.	Reported in *Net (gain) loss on financial instruments measured at FVTPL* on the consolidated statement of loss.

Day 1 gain on initial measurement

Upon acquisition of a financial instrument, the Company measures the fair value and compares this to the acquisition price. The difference is recognised as a gain or loss only if the fair value is based on a quoted price in an active market or based on a valuation technique that uses only data from observable markets. Otherwise, the difference is deferred and recognised as follows:

- in the consolidated statement of loss on a straight-line basis over the term for financial assets classified as FVTPL;
- in the consolidated statement of loss through the application of the effective interest method for assets classified as amortized cost; or,
- in the consolidated statement of comprehensive income (loss) for financial assets classified as FVOCI when there is a change in a factor that market participants would consider when pricing the asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Impairment of financial assets

The Company recognizes a loss allowance for ECLs on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime ECL except for the following which are measured at a 12-month ECL:

- Investments in marketable securities determined to have low credit risk at the reporting date with a credit risk rating equivalent to investment grade; and
- Other financial assets for which credit risk has not increased significantly since initial recognition.

The Company applies the simplified approach on trade receivables, which allows for the use of a lifetime ECL provision considering the probability of default over the expected life of the financial asset. The 12-month ECL only considers default events that are possible within the year following the reporting date.

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due, taking into consideration the location of the customer and their risk factor. The provision matrix is initially based on the Company's historical observed default rates and is subsequently evaluated and updated based on new and forward-looking information.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and is related to an event occurring after the impairment was recognized. Financial assets measured at FVTPL and FVOCI (with no recycling) are not subject to impairment testing.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) or financial liability is derecognized when:

- the rights/obligations to receive/disburse cash flows from the asset/liability have expired/discharged; or
- the Company has transferred its rights/obligations to receive/disburse cash flows from the asset/liability.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Levels	Description	Type of financial instruments normally classified as such
Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities.	Investments in equities[1]
Level 2	Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.	Cash equivalents Marketable securities Investments in equities[2]
Level 3	Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.	Investments in equities[3] Investments in funds Loans and other receivables Derivatives Bank loans

[1] *Publicly-traded equities in active markets*
[2] *Publicly-traded equities in inactive markets*
[3] *Privately-held equities*

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Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. With regards to property, plant and equipment of a subsidiary whose functional currency is that of an economy considered hyperinflationary, the cost is adjusted and translated into the reporting currency following the criteria mentioned in the *Financial Reporting in Hyperinflationary Economies* policy. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to consolidated net income during the financial period in which they are incurred.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates each separately. Depreciation of the significant components is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

Property, plant and equipment	Method	Term
Buildings	Straight-line	20 years
Machinery and equipment	Straight-line	5-8 years
Computer equipment	Straight-line	3-5 years
Office equipment	Straight-line	10 years
Other	Straight-line	5 years
Leasehold improvement	Straight-line	Lesser of useful life and life of the lease
Right-of-use assets	Straight-line	Lesser of useful life and life of the lease

On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is included in the consolidated statement of income (loss).

The Company periodically reviews the useful lives and the carrying values of its property, plant and equipment.

The Company assesses at each reporting period whether there is an indication of impairment of any property, plant and equipment. Property, plant and equipment that are not available for use are tested for impairment at least annually. An impairment loss is recognized when the carrying amount of property, plant and equipment exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the property, plant and equipment. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are charged to the consolidated statement of loss in the period concerned. Impairment losses are only reversed if there has been a change in estimates used to determine the recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation, had no impairments been recognized. A reversal is recognized in the consolidated statement of loss.

Intangible assets

Intangible assets are recorded at cost. With regards to intangible assets of a subsidiary whose functional currency is that of an economy considered hyperinflationary, the cost is adjusted and translated into the reporting currency following the criteria mentioned in the *Financial Reporting in Hyperinflationary Economies* policy. Intangible assets consist of license rights, intellectual property (pharmaceutical product rights, process know-how covered by certain patented and non-patented information, trademarks) and software related costs. In addition, in many cases, the product license agreements include contractual payments upon achieving specific development, regulatory or sales related milestones. These milestone payments are part of the total consideration to be paid for the license rights. Therefore, at the time when the Company

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enters in such agreements, the likelihood of attainment of these payments is analyzed and a probability approach is used to determine the fair value of any future payment which are capitalized. The Company reassesses the probabilities used at each reporting period and records the impact of any changes to the intangible assets and other balances payable accounts accordingly.

Intangible assets with finite lives are amortized on a straight-line basis over the lesser of the term of the agreement, the life of the patent or the expected useful life of the product once they are available for commercialization. The amortization terms range from 3 to 15 years. The Company periodically reviews the useful lives and the carrying values of its intangible assets. As a result, the useful life of intangible assets may be adjusted accordingly.

The Company assesses at each reporting period whether there is an indication of impairment of any intangible asset. Intangible assets that are not available for use are tested for impairment at least annually. An impairment loss is recognized when the carrying amount of an intangible asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the intangible asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are charged to the consolidated statement of loss in the period concerned. Impairment losses are only reversed if there has been a change in estimates used to determine the recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortization, had no impairments been recognized. A reversal is recognized in the consolidated statement of loss.

Other balances payable

As part of acquisitions of intangible assets, the Company may assume obligations to pay out certain future contractually pre-defined amounts upon meeting specific timelines or achieving specific regulatory or sales related milestones. These obligations are recorded when the likelihood of attainment is deemed probable and are measured at amortized cost. The long-term portion of other balances payable are discounted to current values using appropriate rates of interest.

Share-based compensation plans

[a] Stock options

The Company measures the cost of share-based compensation by reference to the fair value at the date on which they are granted. The Company uses the Black-Scholes option pricing model to determine the fair value of the options. The cost of share-based compensation plans is recognized, together with a corresponding increase in contributed surplus over the period in which the service conditions are fulfilled. The cumulative expense is recognized at each reporting date until the vesting date and reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense recognized for the period is recorded under selling and marketing, general and administrative, and research and development expenses on the consolidated statement of loss. No expense is recognized for awards that do not ultimately vest. Any consideration paid by employees on exercise of share options or purchase of shares is credited to share capital. The dilutive effect of outstanding options, if any, is reflected as additional share dilution in the computation of diluted earnings per share.

[b] Restricted share unit (RSU)

RSUs are expected to be settled by the issuance of the Company's shares, although they can be settled in cash at the Company's option. RSUs vest at the end of the three-year period from the date of the grant. The fair value of each grant of RSUs is the fair value of the Company's share price on the date of the grant. The number of RSUs expected to vest are estimated on the grant date and subsequently revised on each reporting date. The resulting compensation expense, adjusted for forfeitures, is charged to income over the period the participants unconditionally become entitled to the award, with a corresponding increase to contributed surplus, on a straight-line basis.

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[c] Performance share unit (PSU)
PSUs are expected to be settled by the issuance of the Company's shares, although they can be settled in cash at the Company's option. PSUs vest at the end of the three-year period from the date of the grant upon the achievement of certain non-market vesting conditions. The fair value of each grant of PSUs is the fair value of the Company's share price on the date of the grant. The number of PSUs expected to vest are estimated on the grant date and subsequently revised on each reporting date. The resulting compensation expense, adjusted for expectations related to non-market performance conditions and forfeitures, is charged to income over the period the participants unconditionally become entitled to the award, with a corresponding increase in contributed surplus, on a straight-line basis.

[d] Deferred share units (DSU)
DSUs are awarded to directors of the Company and vest when they cease to be a member of the Board of Directors. DSUs are expected to be settled by the issuance of the Company's shares and are recognized as general and administrative expenses on the date of grant using the Company's share price as the fair value.

Revenue recognition
Revenue related to the sale of goods is recognized at the point in time when the Company has satisfied its performance obligations and control is transferred to the customer which is on shipment or delivery of the product. The Company generally has a right to receive payment in accordance with agreed payment terms at the time of delivery, as such, a receivable is recognized as the consideration is unconditional and only the passage of time is required before payment is due. Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The normal credit term varies depending on the country in which the revenue is generated; credit terms will typically range between 30 and 45 days from the invoice date in all countries outside of LATAM, while they can typically range from 60 to 120 days from the invoice date in LATAM. In certain circumstances, returns or exchange of products are allowed under the Company's general terms and conditions or the Company may provide discounts or allowances, which gives rise to variable consideration. The variable consideration is estimated using the expected value method as this best predicts the amount of variable consideration to which the Company is entitled. Amounts are recognized as a reduction of revenue at the time the control of the products purchased is transferred to the customer. In certain situations, such as initial product launches for which the Company has limited comparable information or where the market or client acceptance has not been clearly established, the Company may determine that it has not met the requirements for recognition of revenue, such as the ability to reasonably determine provisions for product returns, as a result revenue will be constrained.

In certain cases, revenue from the sale of goods is recognized even when the corresponding goods have not been delivered to the extent that the transaction corresponds to a sale with a deferred delivery method (usually known as bill-and-hold arrangement). For bill-and-hold arrangements, revenue is recognized when the customer has obtained control of the goods and the customer has requested the arrangement, the goods are separately identified as belonging to the customer, the goods are ready for physical transfer to the customer and the Company does not have the ability to use the goods or direct it to another customer.

Performance obligations under bill-and-hold arrangements involve the transfer of ownership of the products sold and the custodian and transportation services until the customer requests physical delivery. At the time of invoicing, the related revenue is measured at the fair value of the consideration received or receivable, net of returns, allowances and discounts, after excluding from the sales price the portion related to custodian and transportation services. That portion of the sale's price is subsequently accrued during the time elapsed from invoicing to final physical delivery, jointly with the related costs.

Research and development
Research and development expenditures are charged to the consolidated statement of income (loss) in the period in which they are incurred. Development expenditures are charged to net income in the period of expenditure, unless a development project meets the criteria under IFRS for capitalization and amortization.

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Interest income/expense

Interest income or expense is recognized on a time-proportion basis. For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate method, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. For financial assets recorded at FVTPL, interest income is recorded using the contractual interest rate in *Other interest income* on the consolidated statement of loss.

Other income

Other income is recognized when it is earned and includes income earned for advisory and other services, gains from early loan repayments including prepayment fees and income from strategic lending deals. Prepayment fees and other fees earned on the prepayment of loans receivable are recognized in other income when received.

Income taxes

Income tax expense is comprised of current and deferred income tax. Income taxes are recognized in the consolidated statement of loss except to the extent they relate to items recognized directly in equity or other comprehensive income, in which case the related tax is recognized in equity or other comprehensive income, respectively.

[a] Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns and assessments with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

[b] Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognized for all deductible and taxable temporary differences, except:

- where the deferred tax asset or liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income or loss nor taxable income or loss;
- with respect to taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- with respect to deductible temporary differences associated with investments in subsidiaries, where it is not probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets are recognized for all other deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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3. USE OF JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur, and anticipated measures management intends to take. Actual results could differ materially from those estimates.

Information about significant judgments and estimates used in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to:

Goodwill, intangible assets and business combinations

Intangible assets and goodwill arise out of business combinations for which the Company has applied the acquisition method of accounting. The acquisition method involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair value. As part of this allocation process, the Company must identify and attribute values and estimated lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital ("WACC").

The excess of the purchase price over the estimated fair value of the net assets acquired is then assigned to goodwill. In the event that actual fair values of the net assets including definite life intangibles are different from estimates, the amounts allocated to goodwill could differ from what is currently reported. This would then have a pervasive impact on the carrying value of goodwill. Differences in estimated fair values would also have an impact on the amortization of definite life intangibles. If future events or results differ adversely from these estimates and assumptions, the Company could record increased amortization or impairment charges in the future.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU or group of CGUs being tested. Discount rates are based on the Company's cost of capital, adjusted for asset-specific risks. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Future events could cause the assumptions used in the impairment review to change with a consequential adverse effect on the results of the Company.

Determination of CGUs and groups of CGUs

The determination of the Company's CGUs, group of CGUs and their associated assets involves judgement and is based on the identification of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, considering various factors including how management monitors the operations of the Company (such as by product line, business, individual location, district or regional area) or how management makes decisions about continuing or disposing of the entity's assets and operations. The Company has determined that the lowest aggregation of assets that generate largely independent cash inflows include products, licenses, intellectual properties, and manufacturing facilities in case of branded generics products. For purposes of the Company's goodwill impairment testing, the Company has grouped certain CGUs to test at the lowest level at which management monitors goodwill for internal management purposes, which is the cash flows generated by Knight Therapeutics Europe S.A. The Company has used significant judgement in determining CGUs and the groups of CGUs.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates and is complemented by a case by case analysis to identify special circumstances related to individual customers and/or transactions, considering any relevant forward-looking information.

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The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Inventory provision

The Company adjusts the carrying value of inventory to consider any cost that cannot be recovered due to obsolescence or other factors. In order to perform this analysis, the Company considers estimates of future demand for each product, the expiration dates and the respective short-dated periods in the various countries defined for each product to determine the appropriate inventory provision.

In the event of a sudden significant decrease or increase in demand for the Company's products, the Company may increase or decrease its inventory provision, which would directly impact the cost of goods sold and have an impact on the profitability of the Company.

Fair value measurement of financial assets

When the fair value of financial assets recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, it is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as credit risk, discount rates, volatility and illiquidity. Changes in assumptions about these factors could affect the reported fair value of financial assets.

(i) Investments in funds

The Company records investments in funds at its NAV and judgment is used to determine if the NAV provided by the fund approximates fair value. The Company inspects all details provided from the fund managers related to the underlying investments and determines if the changes from one period to another are reasonable. The Company corroborates the changes with external sources to the extent possible. If it is determined that the NAV represents fair value, the investment in fund is adjusted to reflect the NAV and unrealized gains or losses are recorded in the statement of loss. Upon the sale of the funds' underlying assets, the Company does not record any potential milestone gains in its NAV, which are related to contingent events such as clinical, regulatory or commercial successes, until they are realized.

(ii) Loans receivable

As consideration for loans issued, the Company may receive additional assets such as product rights, shares and warrants on issuance of the loan. The Company uses the relative fair value approach to allocate the nominal amount of the loan issued to the multiple financial instruments identified and any residual value to non-financial instruments. This involves assessing the fair value of the loan receivable by comparing the interest rate to third parties' loans with a similar maturity term and credit rating as the counterparty. The fair value of each strategic loan is determined using the discounted future cash flow of the principal and interest payments and the discount rate used is the fair value interest rate ("FV Interest Rate") of the loan. The Company estimates the FV Interest Rate through the following steps which involves use of significant judgement and estimates:

Assignment of credit rating: There is no reliable third-party credit rating on any of the strategic partners from which the Company has a loan outstanding balance. Therefore, the Company judgmentally assigns a credit rating to each loan based on quantitative and qualitative factors which include, but are not limited to, review of the borrower's business plan, cash flow forecasts and financial standing.

Interest rate of comparable financial instruments: The Company reviews the interest rates of publicly-traded debt instruments with similar maturity term and credit rating as the loan being analyzed. Based on the review, the Company assigns a FV Interest Rate to each of its loan receivable. The Company may judgmentally exclude certain outliers in this analysis.

(iii) Equities classified as "Level 2" in the fair value hierarchy

When determining fair value of equities classified as "Level 2" of the fair value hierarchy judgment is involved in assessing the fair value of the financial asset. The Company will determine if observable market data is representative of the fair value. If it is not, the Company will consider other acceptable valuation techniques such as the income or market approach

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which involve use of judgment and estimates such as sales, gross margin, expense projections, discount rates and long-term growth rates.

(iv) Equities classified as "Level 3" in the fair value hierarchy

When determining fair value of equities classified as "Level 3" of the fair value hierarchy judgment is involved in assessing the fair value of the financial asset. The fair value is determined through acceptable valuation techniques such as the income or market approach which involve use of judgment and estimates such as sales, gross margin, expense projections, discount rates and long-term growth rates.

Other balances payable

Other balances payable are recorded when the likelihood of payment based on a certain criteria is deemed probable. The Company exercises significant judgement in determining the probability related to meeting specific timelines or specific regulatory or sales related milestones. This assessment involves, but is not limited to, a regulatory assessment of the product and sales projections which are estimated based on forecast results and business initiatives.

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense or recovery already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

From time to time, the Company is subject to tax audits. While the Company believes that its filing positions are appropriate and supportable, periodically, certain matters are challenged by tax authorities. Knight received a notice of reassessment from the CRA and the RQ in July 2018 and January 2019, respectively, related to the disposition of its PRV in 2014. The notices of reassessment provide that Knight is liable to pay an aggregate of $41,582 in additional taxes and interest. Knight made a deposit of $23,340 in 2018 and $18,242 in February 2019 and expects to recover the deposits, and therefore has not recorded any tax provision in its financial statements. However, there can be no assurance regarding the outcome or when a resolution may be reached. Although the Company believes its tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from historical income tax provisions and accruals.

Valuation of deferred tax assets

The Company follows the liability method of accounting for deferred taxes. Deferred tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. As a result, a projection of taxable income is required for those years, as well as an assumption of the ultimate recovery or settlement period for temporary differences. The projection of future taxable income is based on management's best estimates and may vary from actual taxable income. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The international tax rules and regulations in the jurisdictions that the Company operates are subject to interpretation and require judgement on the part of the Company that may be challenged by taxation authorities. The Company believes that it has adequately provided for deferred tax obligations that may result from current facts and circumstances. Temporary differences and income tax rates could change due to fiscal budget changes and/or changes in income tax laws.

Functional currency

The functional currency of foreign subsidiaries is reviewed on an ongoing basis to assess if changes in the underlying transactions, events and conditions have resulted in a change. When assessing the functional currency of a foreign subsidiary, management's judgment is applied to determine, amongst other things, the primary economic environment in which the entity operates, the currency which funds the activities and the degree of autonomy the foreign subsidiary has from the reporting entity financially and in its operations. Judgment is also applied in determining whether the inter-company loans denominated in foreign currencies form part of the Company's net investment in the foreign subsidiary.

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4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

In February 2021 the International Accounting Standards Board (IASB) issued amendments to IAS 1 *Presentations to Financial Statements - Disclosure of Accounting Policies* effective for annual periods beginning on or after January 1, 2023. The amendments require entities to disclose its material accounting policy information instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, if users of an entity's financial statements would need it to understand other material information in the financial statements, and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Following the changes to IAS 1, the Company has adopted the amendments effective January 1, 2023. The Company's disclosure of accounting polices have been adjusted to disclose only material accounting policies in the December 31, 2023 consolidated financial statements.

5. FUTURE CHANGES TO ACCOUNTING STANDARDS

The IASB has issued amendments to IAS 1 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current* to clarify whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual reporting periods ending on or after January 1, 2024, with early application permitted.

The Company is currently assessing the impact of these amendments on the classification of debt and other liabilities and has not adopted the amendments in the December 31, 2023 consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

As at December 31,	**2023** **$**	2022 $
Cash in bank	**58,436**	71,377
Cash equivalents	**325**	302
Total	**58,761**	71,679

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7. MARKETABLE SECURITIES

As at December 31,	2023 $	2022 $
Current		
GICs earning interest rates ranging from 5.30% to 5.60% and maturing from January to December 2024 (December 31, 2022: 4.20% to 4.78%, January to November 2023)	**24,128**	45,900
GICs of US$54,082 earning interest rates ranging from 5.55% to 6.16% and maturing from February to December 2024 (December 31, 2022: US$29,478 earning interest rates from 4.56% to 5.72% and maturing from January to November 2023)	**71,529**	39,926
Total current	**95,657**	85,826
Non-current		
GICs of US$5,600 earning interest rates ranging from 5.58% to 5.65% and maturing from May to November 2025 (December 31, 2022: US$11,200 earning interest rates ranging from 5.55% to 5.68% maturing from May 2024 to November 2025)	**7,407**	15,169
Total non-current	**7,407**	15,169
Total	**103,064**	100,995

Current marketable securities of $7,407 [US$5,600] and non-current marketable securities of $7,407 [US$5,600] (December 31, 2022: $3,792 [US$2,800] and $15,169 [US$11,200], respectively) are pledged as restricted cash collateral under the IFC Loan. Refer to Note 18 - *Bank Loans* for further details.

8. TRADE RECEIVABLES

The Company maintains an allowance for ECL that represents its estimate of uncollectible amounts based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. During the year ended December 31, 2023, the Company has recorded an additional ECL of $622 (2022: additional ECL of $693), in the consolidated statement of loss in *Selling and marketing*.

The aging analysis of trade receivables, net of the ECL of $4,692 (2022: $4,070), at each reporting date is as follows:

As at December 31,	2023 $	2022 $
Not yet due	75,012	86,829
0-90 days overdue	13,042	6,965
Over 90 days overdue	668	1,096
Total	88,722	94,890

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9. OTHER RECEIVABLES

As at December 31,	**2023**	2022
	$	$
Interest receivable	**1,013**	4,510
Other receivables[1]	**3,899**	3,965
Sales and other taxes receivable	**2,515**	2,815
Total	**7,427**	11,290

[1] *Includes funds distribution receivable of $874 (2022: $404) and fees receivable from strategic loans of $ 1,323 (2022: Nil). The 2022 balance also includes a receivable from the disposal of Medimetriks investments of $2,394 (US$1,768).*

10. INVENTORIES

As at December 31,	**2023**	2022
	$	$
Raw materials	**8,406**	10,789
Work in progress	**3,013**	2,478
Finished goods	**80,415**	79,222
Total	**91,834**	92,489

During the year ended December 31, 2023, the total inventory of $171,950 (2022: $152,188) was recognized as cost of goods sold, including an inventory write-down of $3,330 (2022: $2,164), in the consolidated statement of loss in *Cost of goods sold*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

11. Right-of-use assets and Lease liabilities

[i] Right-of-use assets

The Company's leases are primarily for administrative facilities, manufacturing plants and vehicles. The following presents the right-of-use assets for the Company:

	$
Balance as at January 1, 2022	4,671
Additions	5,542
Disposals and write offs	(485)
Impairment (Note 14)	(936)
Depreciation	(3,936)
Foreign exchange and hyperinflation adjustments	971
Balance as at December 31, 2022	5,827
Additions	**3,672**
Disposals and write offs	**(50)**
Depreciation	**(2,625)**
Foreign exchange and hyperinflation adjustments	**(634)**
Balance as at December 31, 2023	**6,190**

[ii] Lease liabilities

The following table presents the change in the carrying value of the lease liabilities during the year.

	$
Balance as at January 1, 2022	5,031
Additions	4,588
Cancellations	(16)
Payments during the year	(2,750)
Interest expense during the year	919
Other adjustment	(31)
Foreign exchange	(113)
Balance as at December 31, 2022	**7,628**
Additions	**3,370**
Cancellations	**(8)**
Payments during the year	**(2,851)**
Interest expense during the year	**609**
Other adjustment	**(73)**
Foreign exchange	**(1,450)**
Balance as at December 31, 2023	**7,225**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

As at December 31,	**2023**	2022
	$	$
Current	**1,728**	2,578
Non-current	**5,497**	5,050
Total	**7,225**	7,628

The maturity of contractual undiscounted lease liability payments are as follows:

	$
Due within 1 year	2,346
Due between 1 and 3 years	4,311
Due between 3 and 5 years	1,470
Due after 5 years	531
Total	**8,658**

12. Property, plant and equipment

Cost	**Land** **$**	**Building** **$**	**Machinery and Equipment** **$**	**Computer and Office Equipment** **$**	**Other** **$**	**Total** **$**
Balance as at January 1, 2022	**1,087**	**7,691**	**21,968**	**3,972**	**1,615**	**36,333**
Additions	233	1,903 [1]	1,014	642	1,307	**5,099**
Transfers	—	1,985	—	—	(1,985)	**—**
Foreign exchange and hyperinflation adjustments	231	2,983	4,266	1,265	51	**8,796**
Balance as at December 31, 2022	**1,551**	**14,562**	**27,248**	**5,879**	**988**	**50,228**
Additions	—	195	1,238	597	64	**2,094**
Disposals and write-offs	(282)	(1,440)	(65)	(727)	(39)	**(2,553)**
Foreign exchange and hyperinflation adjustments	(343)	(3,479)	(9,696)	(2,566)	(413)	**(16,497)**
Balance as at December 31, 2023	**926**	**9,838**	**18,725**	**3,183**	**600**	**33,272**
Accumulated depreciation						
Balance as at January 1, 2022	**—**	**2,747**	**6,441**	**1,697**	**183**	**11,068**
Depreciation charge	—	2,231	3,687	894	129	**6,941**
Impairment (Note 14)	—	2,743	8,534	1,065	357	**12,699**
Foreign exchange and hyperinflation adjustments	—	934	966	785	29	**2,714**
Balance as at December 31, 2022	**—**	**8,655**	**19,628**	**4,441**	**698**	**33,422**
Depreciation charge	—	859	1,061	683	129	**2,732**
Disposals and write-offs	—	(856)	(33)	(622)	(64)	**(1,575)**
Foreign exchange and hyperinflation adjustments	—	(2,116)	(8,713)	(1,926)	(221)	**(12,976)**
Balance as at December 31, 2023	**—**	**6,542**	**11,943**	**2,576**	**542**	**21,603**
Net book value as at December 31, 2022	1,551	5,907	7,620	1,438	290	16,806
Net book value as at December 31, 2023	**926**	**3,296**	**6,782**	**607**	**58**	**11,669**

[1] Includes $1,558 reclassified from asset held for sale.

As at December 31, 2023, property, plant and equipment for an amount of $1,144 was included in accounts payable and accrued liabilities (2022: $2,214).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

13. Intangible assets

	Licenses	IP & Other	Software	Total
	$	$	$	$
Balance as at January 1, 2022	166,846	256,945	2,572	426,363
Additions	24,639	—	1,534	26,173
Disposals and write-offs	(663)	—	—	(663)
Foreign exchange and hyperinflation adjustments	14,549	15,511	248	30,308
Balance as at December 31, 2022	205,371	272,456	4,354	482,181
Additions	**13,107**	**61**	**641**	**13,809**
Disposals and write-offs	**(2,186)**	**—**	**(31)**	**(2,217)**
Foreign exchange and hyperinflation adjustments	**(3,251)**	**(2,596)**	**3**	**(5,844)**
Balance as at December 31, 2023	**213,041**	**269,921**	**4,967**	**487,929**
Amortization and Impairment				
Balance as at January 1, 2022	44,307	31,509	248	76,064
Amortization charge	21,012	30,081	649	51,742
Impairment (Note 14)	2,330	8,019	—	10,349
Foreign exchange and hyperinflation adjustments	4,112	1,038	96	5,246
Balance as at December 31, 2022	71,761	70,647	993	143,401
Amortization charge	**17,467**	**26,691**	**882**	**45,040**
Impairment (Note 14)	**1,160**	**8,100**	**—**	**9,260**
Foreign exchange and hyperinflation adjustments	**(736)**	**1,028**	**(24)**	**268**
Balance as at December 31, 2023	**89,652**	**106,466**	**1,851**	**197,969**
Net book value as at December 31, 2022	133,610	201,809	3,361	338,780
Net book value as at December 31, 2023	**123,389**	**163,455**	**3,116**	**289,960**

The Company classifies its intangible assets as Licenses, Intellectual Property & Other and Software. Licenses include pharmaceutical products in-licensed by Knight from third parties for different territories. It includes the fair value of the license agreements acquired through the GBT Transaction as well as contractual payments such as upfront sales or regulatory milestones made to partners. IP & Other includes product rights owned by the Company such as know-how (acquired or developed) as well as any exclusive rights, such as commercial and manufacturing, typically acquired through an asset purchase agreement or any capitalized development cost. The fair value of the branded generic assets acquired through the GBT Transaction is included in Intellectual Properties. Software typically includes costs capitalized for the implementation or development of certain software used by the Company.

During the year ended December 31, 2023, the Company recorded additions to Licenses of $13,107 (2022: $24,639) related mainly to upfront payments and certain milestones paid and payable under its product license agreements.

As at December 31, 2023, intangible assets for an amount of $4,801 was included in other balances payable (2022: $3,242).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

14. IMPAIRMENT OF NON-CURRENT ASSETS

Impairment of intangible assets

During the year ended December 31, 2023, the Company recorded an impairment loss of $9,260 in the consolidated statement of loss in *Impairment of non-current assets*. The book value of the intangible asset of Exelon® is accounted in US dollars and revalued from US dollars to Canadian dollars at the end of every reporting period. The impairment recorded in 2023, represents mainly a write-down of the intangible assets related to Exelon® which was acquired in 2021. The intangible asset is revalued from USD to CAD at the end of every reporting period. The appreciation of the USD versus the CAD has led to an increase in the value of the asset in CAD and a resulting impairment loss. The recoverable amount was determined based on value in use ("VIU") at the cash generating unit level. The VIU calculations considers the forecasted cash flows of the cash generating unit based on the commercialization projections. The VIU calculations were performed using pre-tax discounts rates between 10.3% and 21.3%, depending on the country where the cash inflows originate.

During the year ended December 31, 2022, the Company recorded an impairment loss of $2,330 in the consolidated statement of (loss) income in *Impairment of non-current assets*. The loss represented a write-down of the upfront and certain milestones payments made under certain product license agreements resulting from a change in commercial expectations.

Impairment of non-current assets in Argentina

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 at the closing rate of the reporting period (see accounting policy for *Financial reporting in hyperinflationary economies* in section *2.3 Summary of significant accounting policies*). During a period where the inflation index is higher than the devaluation of the Argentine peso relative to the Canadian dollar, the value of the non-monetary assets increase when converted to Canadian dollars. During the year ended December 31, 2022, the increase in the value of the non-monetary assets in Argentina due to hyperinflation accounting, has led to an impairment loss of $21,654 recorded in the consolidated statement of loss in *Impairment of non-current assets*. The loss represents the 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. The recoverable amount was determined based on the VIU at the cash generating unit level. The CGUs consisted of the assets related to branded generics products produced by the three manufacturing facilities located in Argentina. Each manufacturing facility was considered as a CGU. The VIU calculations considers the forecasted cash flows of the cash generating units based on the commercialization plans for the products. The VIU calculations were performed using pre-tax discounts rates between 9.8% and 19.6%, depending on the country where the cash inflows originate.

15. GOODWILL

Goodwill is recognized on the acquisition date when total consideration exceeds the net identifiable assets acquired.

	$
Balance as at January 1, 2022	**75,403**
Foreign exchange and hyperinflation adjustments	6,871
Balance as at December 31, 2022	**82,274**
Foreign exchange and hyperinflation adjustments	(2,430)
Balance as at December 31, 2023	**79,844**

Impairment

For purposes of the Company's goodwill impairment testing, the Company has grouped certain CGUs to test at the lowest level at which management monitors goodwill for internal management purposes, which is the cash flows generated by Knight Therapeutics Europe S.A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Company performed its annual impairment test of goodwill as at December 31, 2023. The recoverable amount was determined based on VIU and considered the cash flows of the group of CGUs based on the current commercialization plans. In assessing the VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGUs. The VIU calculations were performed using pre-tax discounts rates between 10.3% and 21.3% (2022: between 9.8% and 19.6%), depending on the country where the cash flows originate. The discount rates used represent the Company's current WACC. The Company determined the terminal value as an estimate of the present value of the future cash flows in the terminal period. The future cash flows were based on the final cash flows in the five-year budget period which was approved by the Board of Directors. For such purposes, the Company applied a terminal-growth rate of 3.6% (2022: 3.7%). Based on the Company's assessment, the recoverable amount is higher than the carrying value and therefore, no impairment loss was recorded for the year ended December 31, 2023. No reasonable change in assumptions would change the outcome of the impairment test.

16. OTHER FINANCIAL ASSETS

As at December 31,	**2023**	2022
	$	$
Loans and other receivables *[i]*		
Measured at amortized cost	**3,667**	9,187
Measured at FVTPL	**12,037**	28,904
Equity Investments *[ii]*		
Measured at FVTPL	**2,465**	2,680
Measured at FVOCI	**948**	1,277
Derivatives *[iii]*		
Measured at FVTPL	**303**	2,111
Fund Investments *[iv]*		
Measured at FVTPL	**108,949**	132,404
Total	**128,369**	176,563

As a result of changes in fair value and the disposal of financial assets, the Company recorded the following net (gain) loss on financial instruments in the consolidated statement of loss as *Net loss on financial assets measured at fair value through profit or loss:*

	Unrealized (gain) loss on FA measured at FVTPL	**Realized (gain) loss on FA measured at FVTPL**	**Total**
For the year ended December 31, 2023	**$**	**$**	**$**
Loans and other receivables *[i]*	709	—	**709**
Equity Investments *[ii]*	(2,061)	(307)	**(2,368)**
Derivatives *[iii]*	1,823	(11,923)	**(10,100)**
Fund Investments *[iv]*	23,682	(1,699)	**21,983**
Total	**24,153**	**(13,929)**	**10,224**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended December 31, 2022	Unrealized (gain) loss on FA measured at FVTPL $	Realized (gain) loss on FA measured at FVTPL $	Total $
Loans and other receivables *[i]*	(567)	—	(567)
Equity Investments *[ii]*	(856)	—	(856)
Derivatives *[iii]*	(1,337)	112	(1,225)
Fund Investments *[iv]*	28,903	(5,578)	23,325
Total	26,143	(5,466)	20,677

[i] Loans and other receivables

As at December 31, 2023, the nominal loan balance outstanding (excluding capitalized interest) was $13,443 [US$10,163] (December 31, 2022: $38,701 [US$28,574]). The following table summarizes the movement in loans and other receivables during the year ended December 31.

	Carrying value as at January 1 $	Additions $	Loan repayments $	Net gain (loss) on FA $	Conversions[2] $	Foreign exchange[1] $	Carrying value end as at December 31 $	Current other financial assets $	Non-current other financial assets $
2023									
Amortized Cost	**9,187**	**—**	**(2,181)**	**—**	**(3,163)**	**(176)**	**3,667**	**—**	**3,667**
FVTPL	**28,904**	**—**	**(21,456)**	**(709)**	**5,491**	**(193)**	**12,037**	**12,037**	**—**
Total	**38,091**	**—**	**(23,637)**	**(709)**	**2,328**	**(369)**	**15,704**	**12,037**	**3,667**
2022									
Amortized Cost	6,272	3,130	(407)	—	—	192	9,187	5,430	3,757
FVTPL	26,796	—	—	567	—	1,541	28,904	24,148	4,756
Total	33,068	3,130	(407)	567	—	1,733	38,091	29,578	8,513

[1] During the year ended December 31, 2023, the Company recorded a loss of $86 in the consolidated statement of loss in Foreign exchange (gain) loss (2022: gain of $1,541) and a loss of $282 in the consolidated statement of comprehensive income (loss) in Unrealized gain on translation of foreign operations (2022: gain of $192).

[2] Represents the reclassification of a tranche of the Synergy loan from Amortized Cost to FVTPL and the capitalization of the outstanding interest receivable of $2.3M.

Synergy

On July 7, 2022, the Company issued an additional loan to Synergy of $2,741 [US$2,000]. As at December 31, 2023, the total Synergy loan balance outstanding was $12,037 [US$9,101] (2022: $11,438 [US$8,444]) at an interest rate of 15.5% and a maturity date in March 2024.

Moksha 8

On February 15, 2019, the Company entered into a financing agreement with Moksha8 for up to $159,150 [US$125,000] ("Financing Agreement"), subject to certain conditions, of which $13,134 [US$10,000] was initially issued and recorded at FVTPL. The loan bears interest at 15% per annum and matures five years from the issuance date. On September 30, 2019, the Company loaned an additional $1,987 [US$1,500] to Moksha8 at an interest rate of 15% per annum. Furthermore, Knight received warrants of Moksha8.

In September 2023, Acino announced it entered into an agreement to acquire Moksha8, which was closed in Q4-23 ("Moksha8 Acquisition Transaction"). The Company collected the remaining principal balance of the loan and the fair value of the warrants upon the closing of the Moksha8 Acquisition Transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

[ii] Equity investments

The following table summarizes the movement in equity investments during the years ended December 31.

	Carrying value as at January 1	Additions	Disposals[1]	Net gain (loss) on FA	Foreign exchange	Carrying value as at December 31	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023								
FVTPL	**2,680**	**—**	**(2,582)**	**2,368**	**(1)**	**2,465**	**2,465**	**—**
FVOCI	**1,277**	**—**	**—**	**(330)**	**1**	**948**	**948**	**—**
Total	**3,957**	**—**	**(2,582)**	**2,038**	**—**	**3,413**	**3,413**	**—**
2022								
FVTPL	1,824	—	—	856	—	2,680	2,680	—
FVOCI	4,876	—	(3,686)	(43)	130	1,277	1,277	—
Total	6,700	—	(3,686)	813	130	3,957	3,957	—

[1] *During the year ended December 31, 2023, Knight sold publicly trade shares for total proceed of $2,582. During the year ended December 31, 2022, Knight sold its common shares of Medimetriks for total proceed of $3,686. The common shares were received as consideration for the strategic loan issued to Medimetriks in 2016.*

Equity investments measured at FVOCI

Under IFRS 9, the Company has designated the following strategic investments as equity investments measured at FVOCI.

As at December 31,	2023		2022	
	Number of common shares owned	FV $	Number of common shares owned	FV $
Crescita	**1,935,489**	**948**	1,935,489	1,277
Synergy[1]	**17,645,812**	**—**	17,645,812	—
Total		**948**		1,277

[1] *Valued using the quoted market price (closing share price on the OTCXD) less the day 1 gain on initial measurement that the Company deferred. FV before considering the deferred day 1 gain is $233 [US$176] (December 31, 2022: $112 [US$83])*

[iii] Derivatives

The following table summarizes the movement in derivatives recorded at FVTPL during the years ended December 31.

	Carrying value as at January 1	Additions	Disposals[1]	Net gain (loss) on FA[1]	Foreign exchange	Carrying value as at December 31	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023	**2,111**	**—**	**(11,924)**	**10,100**	**16**	**303**	**303**	**—**
2022	1,286	—	(445)	1,225	45	2,111	180	1,931

[1] *The disposals and net gain in 2023 mainly include the impacts on the Moksha8 derivative.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

[iv] Fund investments

The following table summarizes the movement in fund investments recorded at FVTPL during the years ended December 31:

	Carrying value as at January 1	Additions[1]	Distributions[2,3]	Net gain (loss) on FA	Foreign exchange[4]	Carrying value as at December 31	Current other financial assets	Non-current other financial assets
	$	$	$	$	$	$	$	$
2023	**132,404**	**4,652**	**(5,290)**	**(21,983)**	**(834)**	**108,949**	**—**	**108,949**
2022	151,389	6,307	(6,478)	(23,325)	4,511	132,404	—	132,404

[1] *Investments in equity or debt funds including US$50 and EUR 1,209 (2022: US$870 and EUR 1,552). Include non-cash additions of $2,398 (2022: $2,476).*

[2] *Distribution received or receivable from funds including US$46 and EUR 798 (2022:* EUR 2,221)

[3] *Includes distribution receivable of $874 (2022: $404). Include non-cash distributions of $2,856 (2022: $2,493).*

[4] *During the year ended December 31, 2023, recorded a gain of $970 in the consolidated statement of loss in Foreign exchange (gain) loss (2022: loss of $1,245), and a loss of $1,887 in the statement of comprehensive income (loss) in Unrealized gain (loss) on translation of foreign operations (2022: gain of $5,756).*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

17. MEASUREMENT OF FINANCIAL ASSETS

[i] Fair value hierarchy

As at December 31,	2023	Level 1	Level 2	Level 3
	$	$	$	$
Recurring fair value measurements				
Loans measured at FVTPL	**12,037**	**—**	**—**	**12,037**
Equity investments measured at FVTPL	**2,465**	**2,465**	**—**	**—**
Equity investments measured at FVOCI	**948**	**948**	**—**	**—**
Derivatives	**303**	**—**	**—**	**303**
Fund investments measured at FVTPL	**108,949**	**—**	**—**	**108,949**
Total	**124,702**	**3,413**	**—**	**121,289**

As at December 31,	2022	Level 1	Level 2	Level 3
	$	$	$	$
Recurring fair value measurements				
Loans measured at FVTPL	28,904	—	—	28,904
Equity investments measured at FVTPL	2,680	2,680	—	—
Equity investments measured at FVOCI	1,277	1,277	—	—
Derivatives	2,111	—	—	2,111
Fund investments measured at FVTPL	132,404	—	—	132,404
Total	167,376	3,957	—	163,419

There were no transfers between levels of the fair value hierarchy for the years ended December 31, 2023 and 2022.

[ii] Day 1 gains

Upon acquisition of a financial instrument, the Company measures its fair value and compares it to the acquisition price. The difference is recognized as a gain or loss only if the fair value is based on a quoted price in an active market or based on a valuation technique that uses only data from observable markets. The Company has the following deferred day 1 gain:

As at December 31,	2023	2022
	$	$
Equity investments measured at FVOCI		
Synergy[1]	**4,978**	5,098
Total	**4,978**	5,098

[1] *Deferred day 1 gain of US$3,764*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

18. BANK LOANS

The Company had the following indebtedness, including accrued interest expense, as at the end of the following years:

As at December 31, 2023

	Currency	Interest rate	Effective interest rate	Maturity	Current $	Non-current $	Total $
Banks							
Bancolombia	COP	2.28% + IBR	15.08%	Oct 12, 2026	**2,663**	**5,045**	**7,708**
Banco Itaú Argentina[1]	ARS	130%[2]	N/A	N/A	**524**	**—**	**524**
Banco ICBC Argentina[1]	ARS	133%[2]	N/A	N/A	**89**	**—**	**89**
IFC	BRL	1.6% + CDI	14.26%	Oct 15, 2027	**7,597**	**20,125**	**27,722**
IFC	CLP	7.71%	7.86%	Oct 15, 2027	**2,357**	**6,525**	**8,882**
IFC	COP	1.6% + IBR	14.76%	Oct 15, 2027	**3,672**	**9,742**	**13,414**
IFC	MXN	1.6% + TIIE	13.92%	Oct 15, 2027	**948**	**2,579**	**3,527**
Total Bank Loans					**17,850**	**44,016**	**61,866**

[1] *Overdraft balances*
[2] *The interest rate is calculated and compounded on a monthly basis.*

As at December 31, 2022

	Currency	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 Itaú Argentina[1]	ARS	76%[2]	N/A	N/A	1,270	—	1,270
Banco ICBC Argentina[1]	ARS	77%[2]	N/A	N/A	344	—	344
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					17,674	52,398	70,072

[1] *Overdraft balances*
[2] *The interest rate is calculated and compounded on a monthly basis.*

The maturity of bank loan payments are as follows:

	$
Due within 1 year	17,850
Due between 1 and 2 years	15,800
Due between 2 and 5 years	28,216
Total	**61,866**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Company's bank loans, excluding overdrafts, had the following repayment terms of principal and interest as well as security and guarantee:

As at December 31, 2023

Banks	Currency of debt	Maturity	Repayment terms	Security/Guarantee
Bancolombia	COP	Oct 12, 2026	Semi-annual	• None
IFC	BRL	Oct 15, 2027	Semi-annual	• Shares of certain Knight subsidiaries; • Restricted cash collateral of 35% of the principal balance outstanding
IFC	CLP	Oct 15, 2027	Semi-annual	
IFC	COP	Oct 15, 2027	Semi-annual	
IFC	MXN	Oct 15, 2027	Monthly	

As at December 31, 2022

Banks	Currency of debt	Maturity	Repayment terms	Security/Guarantee
Itaú Unibanco Brasil	BRL	Dec 8, 2023	Semi-annual	• First Demand Corporate Guarantee of Knight Therapeutics Europe S.A; • Select trade accounts receivables.
Bancolombia	COP	Oct 12, 2026	Semi-annual	• None.
IFC	BRL	Oct 15, 2027	Semi-annual	• Shares of certain Knight's subsidiaries; • Restricted cash collateral of 35% of the principal balance outstanding.
IFC	CLP	Oct 15, 2027	Semi-annual	
IFC	COP	Oct 15, 2027	Semi-annual	
IFC	MXN	Oct 15, 2027	Monthly	

Bancolombia

In October 2021, a subsidiary of Knight, amended its existing one-year loan with Bancolombia maturing on December 14, 2021. As a result of the amendment, the loan of $11,713 [COL 37,000,000] is repayable on a semi-annual basis starting April 2022 and matures on October 12, 2026. The loan includes financial covenants to maintain certain financial metrics and as at December 31, 2023, the Company is in compliance with these debt covenants.

International Finance Corporation ("IFC")

In December 2022, Knight obtained a five-year secured loan of $52,416 [USD 38,500] denominated in LATAM currencies as follows: 104,800 BRL, 41,274,700 COP, 6,679,260 CLP, 48,346 MXN. In May 2023 an additional disbursement of 7,800 BRL [USD 1,573] denominated in BRL was received. Total balance as of December 31, 2023 amount to $53,545. The loan is secured by the shares of certain Knight's subsidiaries as well as a restricted cash collateral of $14,814 [USD 11,200] or 35% of the principal balance outstanding which may be held in the form of marketable securities. The IFC Loan matures on October 15, 2027, with principal repayments which commenced on October 15, 2023. The principal and interest repayments are due on a semi-annual basis, except for the MXN tranche tranche that is due on a monthly basis. Except for the MXN portion of the loan, the repayments of interest and principal are settled in USD using the applicable market rates between the respective currencies and the USD. The Company has the right to prepay the IFC Loan in exchange for a prepayment fee. The IFC Loan include customary representations, warranties, affirmative & restrictive covenants as well as financial covenants. As at December 31, 2023, the Company is in compliance with all the covenants of the IFC loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

19. OTHER LONG-TERM RECEIVABLES

As at December 31,	2023	2022
	$	$
Tax deposit – notices of reassessment	**41,582**	41,582
Other	**3,953**	3,356
Total	**45,535**	44,938

Notices of reassessment

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

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA, respectively, in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019. In addition, interest income on the deposit is payable to Knight by the CRA and QRA if the Company wins the process. The amount, as at December 31, 2023 is estimated at $4,869 and has not been recorded by the Company.

Knight believes the reassessments are unfounded and filed a notice of objection with the CRA in September 2018 to start the appeals process. In October 2021, the CRA responded to Knight's notice of objection with a confirmation of their initial tax reassessments. Knight filed a notice of appeal to the Tax Court of Canada in December 2021.

Based on the Company's view of the likely outcome of the appeals process, Knight expects to recover the total of $41,582 deposited with the taxation authorities and has not recorded any tax provision related to the disposal of the PRV in its financial statements. However, there can be no assurance regarding the outcome or when a resolution may be reached.

Although Knight believes its tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from historical income tax provisions and accrual.

20. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31,	2023	2022
	$	$
Trade and other payables	**59,735**	81,888
Accrued liabilities	**27,399**	25,475
Commodity tax payable	**3,483**	1,367
Total	**90,617**	108,730
Current	**85,366**	106,061
Non-current	**5,251**	2,669

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

21. OTHER INCOME

During the year ended December 31, 2022, Knight executed a settlement agreement and general release ("Settlement Agreement") with the former shareholders of GBT. The Company made certain claims ("Claims") with respect to its indemnification rights under the purchase agreement for the acquisition of GBT. Under the Settlement Agreement, Knight received $6,030 (US$4,600) as settlement for the Claims, which was recorded in the *Other income* in the consolidated statement of loss in the year ended December 31, 2022.

22. SHAREHOLDERS' EQUITY

[i] Share capital

The authorized share capital of the Company is comprised of an unlimited number of common shares and an unlimited number of first preferred shares, which may be issued from time to time in one or more series, without par value. The issued and outstanding share capital of Knight is as follows:

	Number of common shares	$
Balance as at January 1, 2022	**117,783,189**	**628,854**
Issuance under share purchase plan *[ii]*	71,939	387
Shares purchased under NCIB *[iii]*	(5,649,189)	(30,186)
Balance as at December 31, 2022	**112,205,939**	**599,055**
Issuance under share purchase plan *[ii]*	89,731	438
Shares purchased under NCIB *[iii]*	(11,125,288)	(59,447)
Balance as at December 31, 2023	**101,170,382**	**540,046**

[ii] Stock-based compensation plans

The Company has three stock-based compensation plans: the Share Option Plan ("the Option Plan"), the Share Purchase Plan and the Omnibus Equity Incentive Plan ("the Omnibus Plan").

Share Option Plan

The Company had an equity-settled Option Plan in place for employees, directors, officers and consultants of the Company. The Option Plan was approved by the Board of Directors and the shareholders on May 9, 2017 and re-approved by the shareholders on June 25, 2020. The aggregate maximum number of stock options outstanding under the Option Plan at any given time shall not exceed 10% of the outstanding shares of the Company as of the grant date. Effective May 13, 2021, the Company's Omnibus Equity Incentive Plan replaced the Share Option Plan for the future awards of stock options to directors, employees, officers and consultants of Knight.

Omnibus Equity Incentive Plan

On May 13, 2021 the Company adopted an Omnibus Plan upon approval by the shareholders. The Omnibus Plan permits the grant of stock options to employees, directors, officers and consultants of the Company, restricted share units ("RSUs") and performance share units ("PSUs") to employees, officers and consultants and deferred share units ("DSUs") to non-employee members of the Board of Directors of Knight. Under the Omnibus Plan, each holder of a RSU, PSU, and DSU has the right to receive, upon vesting, one common share of Knight or the equivalent amount in cash at the election of the Company.

The maximum number of common shares available for issuance pursuant to the Omnibus Plan and the Option Plan shall not exceed 10% of the then issued and outstanding common shares on a rolling basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Stock Options

Stock options issued under the Share Option Plan and the Omnibus Plan must be exercised within a period of time fixed by the Board of Directors that may not exceed ten-years from the grant date. The Board of Directors or its designated committee may determine when an option will become exercisable and may determine that the option will be exercisable immediately upon the date of grant, in installments or pursuant to a vesting schedule. If no specific determination is made, the stock options vest in equal tranches of 25% per annum on each anniversary date. Stock options that have been exercised, expired, cancelled, forfeited or terminated become available for re-issuance under the Omnibus Plan. Generally, the stock options have a seven-year or ten-year term and vest over a one-year period for directors and a three or four-year period for employees.

The weighted average fair value of the options granted during the year ended December 31, 2023, estimated by using the Black-Scholes option pricing model, was $1.38 (2022: $1.53). The fair value of the options was estimated on the date of grant based on the following weighted average assumptions:

Years ended December 31,	**2023**	**2022**
Weighted average risk-free interest rate	**2.95%**	2.28%
Dividend yield	**Nil**	Nil
Weighted average volatility factor *[i]*	**24%**	24%
Forfeiture rate	**2%**	2%
Weighted average expected life	**6.3 years**	6.2 years

[i] Volatility was determined using the historical share price of the Company.

	Year ended December 31,			
	2023		2022	
	Number of share options #	**Weighted average exercise price $**	Number of share options #	Weighted average exercise price $
Balance beginning of the year	**4,873,546**	**7.15**	5,166,130	7.40
Granted	**267,189**	**4.44**	261,783	5.21
Expired/forfeited	**(562,953)**	**7.60**	(554,367)	8.56
Balance at end of the year	**4,577,782**	**6.95**	4,873,546	7.15
Options exercisable at the end of the year	**3,871,987**	**7.22**	3,963,665	7.33

The following table summarizes information about outstanding stock options granted by the Company as at December 31, 2023:

	Options outstanding			**Options exercisable**		
Range of exercise price $	**Number of share options #**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**	**Number of share options #**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**
4.44 to 5.71	1,983,700	2.12	5.41	1,458,049	0.87	5.60
5.72 to 8.02	1,740,744	2.68	7.33	1,560,600	2.58	7.37
8.03 to 9.18	88,043	1.52	8.16	88,043	1.52	8.16
9.19 to 10.25	765,295	2.59	9.92	765,295	2.59	9.92
	4,577,782	**2.40**	**6.95**	**3,871,987**	**1.91**	**7.22**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The following table summarizes information about outstanding stock options granted by the Company as at December 31, 2022:

	Options outstanding			Options exercisable		
Range of exercise price $	Number of share options #	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of share options #	Weighted average remaining contractual life (years)	Weighted average exercise price $
5.20 to 5.71	1,767,859	2.58	5.56	1,362,708	1.58	5.62
5.72 to 8.02	2,220,234	2.98	7.41	1,715,504	2.69	7.48
8.03 to 9.18	118,851	2.13	8.19	118,851	2.13	8.19
9.19 to 10.25	766,602	3.58	9.92	766,602	3.58	9.92
	4,873,546	2.91	7.15	3,963,665	2.46	7.33

Deferred share units

The Company may grant DSUs to any non-employee director of Knight under the Omnibus Plan. The number of DSUs granted at any particular time pursuant to the Omnibus Plan is calculated by dividing the value of the grant over the market price of a share of Knight on the award date. The DSUs vest when the holder ceases to be a director of Knight for any reason. During the year ended December 31, 2023, the Company granted 63,192 DSUs to independent board members (2022: 54,967 DSUs). As at December 31, 2023, the number of outstanding DSUs was 147,364 (2022: 84,172 DSUs).

Restricted share units and performance share units

The Company may grant RSUs and PSUs to any employee under the Omnibus Plan. The RSUs vest on a time-based condition and the PSUs vest subject to the achievement of future performance targets. The PSU awards vest when the minimum performance thresholds are achieved. Both RSUs and PSUs are settled by no later than December 31st of the third calendar year commencing after the date of award by the issuance of Knight's shares or cash at the option of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The following table shows the RSUs and PSUs granted and outstanding at the beginning and end of the year ended December 31, 2023 and the weighted average fair value at grant date per unit ("WAFV"):

	Year ended December 31, 2023			
	RSUs		PSUs	
	Number of units #	WAFV $	Number of units #	WAFV $
Balance beginning of the year	212,515	5.39	470,737	5.40
Granted	171,447	4.49	334,894	4.47
Forfeited/cancelled	(59,178)	5.13	(73,394)	5.18
Balance at end of the year	**324,784**	**4.97**	**732,237**	**4.99**
Weighted average remaining contractual life of the share units outstanding at end of the year (years)	**1.58**		**1.49**	

The following table shows the RSUs and PSUs granted and outstanding at the beginning and end of the year ended December 31, 2022 and the WAFV:

	Year ended December 31, 2022			
	RSUs		PSUs	
	Number of units #	WAFV $	Number of units #	WAFV $
Balance beginning of the year	103,979	5.58	223,260	5.63
Granted	139,353	5.21	279,873	5.21
Forfeited/cancelled	(30,817)	5.25	(32,396)	5.29
Balance at end of the year	**212,515**	**5.39**	**470,737**	**5.40**
Weighted average remaining contractual life of the share units outstanding at end of the year (years)	**2.10**		**2.11**	

The Company recorded an expense of $2,436 (2022: $1,983) for the year ended December 31, 2023, related to the share-based compensation for stock options, DSUs, PSUs and RSUs, with corresponding credits to *Contributed surplus* net of forfeitures and accrued liabilities for social security contributions and employer taxes.

Share Purchase Plan

The Company has a Share Purchase Plan ("Purchase Plan") which allows employees and directors of the Company to purchase common shares at listed market prices from treasury. The Purchase Plan was re-approved by the Board of Directors and the shareholders on May 11, 2022. The plan allows for employees to contribute up to a maximum of 10% of their salary and directors to contribute up to $10 per year. Under the Purchase Plan, the Company will contribute 25% of employees' or directors' contributions in the form of common shares if the employee remains employed by the Company or director remains on the Board and has held the original shares for two years from the original purchase date. The Company's contribution in common shares is calculated using the lesser of the original common share value at the original purchase date and at the date of the Company's contribution. During the year ended December 31, 2023, the Company issued 89,731 shares (2022: 71,939 shares) under the Purchase Plan for a total of $438 (2022: $387).

[iii] 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 ended on July 13, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

On July 12, 2023, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2023 NCIB"). Under the terms of the 2023 NCIB, Knight may purchase for cancellation up to 5,999,524 common shares of the Company which represented 10% of its public float as at June 30, 2023. The 2023 NCIB commenced on July 14, 2023 and will end on the earlier of July 13, 2024 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.

During the year ended December 31, 2023, the Company purchased 11,125,288 (2022: 5,649,189) common shares at an average price of $4.82 (2022: $5.34) for aggregate cash consideration of $53,479 (2022: $30,069).

23. ACCUMULATED OTHER COMPREHENSIVE INCOME

As at December 31,	**2023**	2022
	$	$
Net loss on equities at FVOCI, net of tax of $612 (2022: $656)	**(8,411)**	(8,125)
Unrealized gain on translation of foreign operations	**38,240**	49,391
Total	**29,829**	41,266

24. EMPLOYEE BENEFIT EXPENSES

For the years ended December 31,	**2023**	2022
	$	**$**
Salaries	**45,429**	51,314
Bonuses	**4,097**	3,119
Share-based incentive plans	**2,436**	2,013
Total	**51,962**	56,446

The compensation expenses of key management personnel, including directors, in aggregate were as follows:

For the years ended December 31,	**2023**	2022
	$	**$**
Salaries	**3,487**	3,047
Bonuses	**1,145**	1,022
Board fees	**639**	652
Share-based incentive plans	**1,738**	1,639
Total	**7,009**	6,360

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

25. INCOME TAXES

The income tax provision differs from the amount computed by applying the combined Canadian federal and provincial tax rates to the loss before taxes. The reasons for the difference and the related tax effects are as follows:

	2023	2022
	$	$
Loss before income taxes	**(21,988)**	(43,960)
Applicable tax rate	**26.5%**	26.5%
Income taxes at applicable statutory rate	**(5,827)**	(11,649)
Increase (decrease) resulting from:		
Rate differential between jurisdictions	**(871)**	289
Effect of non-deductible expenses (non-taxable income) and others	**(1,962)**	(9,063)
Variation in tax rate	**(20)**	814
Hyperinflation impact	**615**	1,443
Non-recognition (recognition) of tax benefits related to tax losses and other temporary differences	**4,196**	5,678
Adjustments recognized in the current year in relation to income tax expense of prior years	**(1,330)**	(1,707)
Impact of foreign exchange	**57**	127
Others	**(11)**	—
Total income tax recovery	**(5,153)**	(14,068)
Effective tax rate	**23.4%**	32.0%

The Company's applicable statutory tax rate is the Canadian federal and provincial combined tax rate applicable in the jurisdictions in which the Company operates.

The components of income tax recovery are as follows:

	2023	2022
	$	$
Current income tax		
Current year	**5,035**	4,256
Adjustments recognized in the current year in relation to current income tax expense of prior years	**(1,062)**	(1,199)
	3,973	3,057
Deferred income tax		
Relating to the origination and reversal of temporary differences	**(8,839)**	(17,429)
Variation in tax rate	**(20)**	814
Adjustments recognized in the current year in relation to deferred income tax expense of prior years	**(267)**	(510)
	(9,126)	(17,125)
Income tax recovery reported in the consolidated statements of loss	**(5,153)**	(14,068)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The details of movement in temporary differences during the year were as follows:

	Balance December 31, 2022	Recognized in statement of loss	Recognized in statement of comprehensive income (loss)	Recognized in shareholders' equity	Other	Exchange rate variation	Balance December 31, 2023
	$	$	$	$	$	$	$
Property and equipment	**(1,271)**	**(665)**	**—**	**(4)**	**(1,498)**	**2,100**	**(1,338)**
Right-of-use assets	**(300)**	**(184)**	**—**	**—**	**(162)**	**282**	**(364)**
Lease liabilities	**436**	**(52)**	**—**	**—**	**145**	**(252)**	**277**
Intangible assets	**(16,326)**	**2,733**		**—**	**(13)**	**10**	**(13,596)**
Trade receivables	**3,627**	**(111)**	**—**	**(9)**	**2**	**567**	**4,076**
Inventories	**9,124**	**6,232**		**234**	**(128)**	**791**	**16,253**
Provisions and contingencies	**2,542**	**203**	**—**	**(5)**	**9**	**110**	**2,859**
Stock option & other accrued salaries	**56**	**209**	**—**	**3**	**—**	**24**	**292**
Investment in subsidiaries	**(127)**	**61**	**—**	**—**	**—**	**(22)**	**(88)**
Loans and Financial assets	**(2,294)**	**2,366**	**44**	**—**	**—**	**—**	**116**
Financing fees	**(28)**	**34**	**—**	**—**	**—**	**—**	**6**
Tax losses and SR&ED expenditures	**53,317**	**(492)**	**—**	**—**	**2,218**	**(3,944)**	**51,099**
Unrecognized tax losses and SR&ED expenditures	**(44,015)**	**(1,049)**	**—**	**—**	**(2,237)**	**4,097**	**(43,204)**
Capital losses	**660**	**(226)**	**—**	**—**	**—**	**—**	**434**
Unrecognized capital losses	**(434)**	**—**	**—**	**—**	**—**	**—**	**(434)**
Other	**(22)**	**67**	**—**	**—**	**(212)**	**352**	**185**
Net deferred tax assets	**4,945**	**9,126**	**44**	**219**	**(1,876)**	**4,115**	**16,573**

	Balance December 31, 2021	Recognized in statement of loss	Recognized in statement of comprehensive income (loss)	Recognized in shareholders' equity	Other	Exchange rate variation	Balance December 31, 2022
	$	$	$	$	$	$	$
Property and equipment	(5,119)	4,930	—	—	(2,154)	1,072	(1,271)
Right-of-use assets	(230)	417	—	—	(146)	95	136
Intangible assets	(22,350)	7,809	—	—	(39)	(1,746)	(16,326)
Trade receivables	2,835	882	—	—	401	(491)	3,627
Inventories	3,490	5,698	—	—	(372)	308	9,124
Provisions and contingencies	1,507	874	—	—	224	(62)	2,543
Stock option & other accrued salaries	153	(107)	—	—	—	10	56
Investment in subsidiaries	(58)	(83)	—	—	—	14	(127)
Loans and Financial assets	(3,248)	966	(11)	—	—	—	(2,293)
Financing fees	87	(115)	—	—	—	—	(28)
Tax losses and SR&ED expenditures	49,145	2,334	—	—	1,593	245	53,317
Unrecognized tax losses and SR&ED expenditures	(37,260)	(6,307)	—	—	—	(448)	(44,015)
Capital losses	412	248	—	—	—	—	660
Unrecognized capital losses	(412)	(22)	—	—	—	—	(434)
Other	723	(399)	—	—	138	(486)	(24)
Net deferred tax assets	(10,325)	17,125	(11)	—	(355)	(1,489)	4,945

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The presentation in the consolidated balance sheet is as follows:

As at December 31,	**2023**	2022
	$	$
Deferred tax assets	**19,390**	9,310
Deferred tax liabilities	**(2,817)**	(4,365)
Net deferred tax assets	**16,573**	4,945

The Company has non-capital losses carried forward and for which deferred tax assets have not been recognized which amounted to $135,012 as at December 31, 2023 (2022: $145,238). Of these amounts, approximately $67,563 as at December 31, 2023 has no expiration date (2022: $61,239). Non-capital losses can be carried forward for 20 years in Canada and indefinitely for Brazil and can only be used against future taxable income. The Company also has scientific research & experimental development expenses of $21,794 as at December 31, 2023 (2022: $21,794) which have no expiration date, as well as other temporary differences including provisions and contingencies of approximately $1,981 as at December 31, 2023 for which deferred tax assets have not been recognized. Deferred tax assets have not been recognized in respect of these amounts as they may not be used to offset taxable profits elsewhere in the Company, some of them have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The unrecognized deferred tax assets relate to the following temporary differences and unused tax losses:

As at December 31,	**2023**	2022
	$	$
Tax losses	**37,862**	38,674
Scientific research and experimental development expenses	**5,775**	5,775
Other temporary differences	**670**	—
Unrecognized deferred tax assets	**44,307**	44,449

Net deferred tax assets of $6,470 were recognized as at December 31, 2023 (2022: $5,293) in jurisdictions that incurred losses this fiscal year or the preceding fiscal year. Based upon the level of historical taxable income, projections for future taxable income and prudent tax planning strategies, management believes it is probable the Company will realize the benefits of these deductible temporary differences and operating tax losses carried forward. Refer to Note 3 - *Use of Judgments and Estimates - Valuation of deferred tax assets* for more information on how the Company determines the extent to which deferred tax assets are recognized.

The non-capital losses incurred in various jurisdictions expire as follows:

	Unrecognized	**Recognized**
Expiry Date	**$**	**$**
2024-2028	**6,127**	**8,880**
2029-2033	**27,175**	**—**
2034-2038	**30,797**	—
2039-2043	**3,350**	**21,815**
No expiry date	**67,563**	**26**
	135,012	**30,721**

Deferred tax is not recognized on the unremitted earnings of subsidiaries where the Company is able to control the timing of the remittance and it is probable that there will be no remittance in the foreseeable future. As at 31 December 2023, the temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognized aggregate to $25,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

26. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

Years ended December 31,	**2023**	2022
	$	$
Net loss	**(16,835)**	(29,892)
Weighted average shares outstanding	**107,465,978**	114,890,252
Basic net loss per share	**(0.16)**	(0.26)

Diluted

Diluted earnings per share has been calculated after adjusting the weighted average number of shares used in the basic calculation to assume the conversion of all potentially dilutive shares.

Years ended December 31,	**2023**	2022
	$	$
Net loss	**(16,835)**	(29,892)
Weighted average shares outstanding	**107,465,978**	114,890,252
Adjustment for share options, RSUs and DSUs[1]	**—**	—
Weighted average shares outstanding	**107,465,978**	114,890,252
Diluted net earnings loss per share	**(0.16)**	(0.26)

[1] *Adjustments for diluted earnings per share have not been included as all of the share options, RSUs and DSUs are anti-dilutive.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

27. SEGMENT REPORTING

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

Geographic information

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

Years ended December 31,	**2023**	2022
	$	**$**
Revenues		
Brazil	**168,216**	134,727
Colombia	**44,632**	48,146
Argentina	**24,098**	46,125
Rest of LATAM	**55,104**	40,171
Canada	**19,673**	11,346
Other[1]	**16,476**	13,048
Total	**328,199**	293,563

[1] *Includes Europe, US and other countries.*

As at December 31, 2023 and 2022, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, right-of-use assets and other long-term receivables were held in the following geographic areas:

As at December 31,	**2023**	2022
	$	$
Non-current operating assets		
Canada	**74,401**	63,217
Brazil	**57,351**	56,581
Argentina	**26,544**	34,562
Colombia	**15,632**	15,723
Uruguay	**181,308**	201,889
Luxembourg	**38,635**	45,998
Rest of LATAM	**39,327**	70,655
Total	**433,198**	488,625

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

28. FINANCIAL RISK

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholders and to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Managed capital includes cash and cash equivalents, marketable securities, other financial assets, debt and equity (excluding AOCI). To maintain or adjust the capital structure, the Company may take on additional debt, attempt to issue new common shares, repurchase the Company's own stock, and acquire or dispose of assets. The issuance and repurchase of common shares requires approval of the Board of Directors.

The Company's investment policy regulates 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, 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.

Market risk

Currency risk

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

Currency risks in net financial assets

The Company maintains cash and cash equivalents, marketable securities, trade and other receivables, other financial assets, other balances payable, accounts payable and accrued liabilities, and bank loans in many currencies. The Company is primarily exposed to the USD, EUR, BRL and ARS and is therefore exposed to foreign exchange risk on these balances. The following table presents the significant net currency exposure on the foreign-denominated balances. The table includes the net financial assets whose revaluation effect goes through the consolidated statement of loss, and therefore, includes intercompany balances and excludes foreign currency balances that get revalued to CAD through other comprehensive income.

December 31, 2023	USD	EUR	BRL	ARS	CLP	COP	MXN
Cash and cash equivalents	**22,959**	**175**	**—**	**—**	**—**	**—**	**—**
Marketable securities	**59,682**	**—**	**—**	**—**	**—**	**—**	**—**
Trade and other receivables	**238**	**286**	**354,006**	**1,788,676**	**5,796,988**	**57,881,828**	**48,346**
Other financial assets	**2,909** [1]	**17,281**	**—**	**—**	**—**	**—**	**—**
Accounts payable and accrued liabilities	**(6,918)**	**(3,230)**	**(61,576)**	**—**	**—**	**(3,853)**	**(401)**
Other balances payable	**(6,573)**	**(3,435)**	**—**	**—**	**—**	**—**	**—**
Financial liabilities	**—**	**—**	**(102,937)**	**—**	**(6,035,105)**	**(39,935,366)**	**(45,667)**
Net exposure	**72,297**	**11,077**	**189,493**	**1,788,676**	**(238,117)**	**17,942,609**	**2,278**

[1] *Includes intercompany loans in foreign currency between Company's subsidiaries*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

December 31, 2022	USD	EUR	BRL	ARS	CLP	COP	MXN
Cash and cash equivalents	25,715	2,133	—	—	—	—	—
Marketable securities	40,678	—	—	—	—	—	—
Trade and other receivables	1,903	560	231,833	468,468	4,141,720	55,505,619	—
Other financial assets	23,355 [1]	26,487	44,985	—	—	—	—
Accounts payable and accrued liabilities	(3,334)	(6,377)	(137,560)	—	—	—	—
Other balances payable	(1,110)	(2,524)	—	—	—	—	—
Financial liabilities	—	—	(105,320)	—	(6,694,939)	(42,378,494)	(48,496)
Net exposure	87,207	20,279	33,938	468,468	(2,553,219)	13,127,125	(48,496)

[1] *Includes intercompany loans in foreign currency between Company's subsidiaries*

The Company is also exposed to foreign exchange risk on the BOB, CHF, PEN, PYG and UYU. The total net exposure, in CAD, for these currencies is $3,250 (2022: $3,637).

Equity price risk

The carrying values of the investments subject to equity price risk are:

Years ended December 31,	2023	2022
	$	$
Equity investments	**3,413**	3,957
Investments in funds	**108,949**	132,404
Derivatives	**303**	2,111
Total	**112,665**	138,472

The Company monitors its equity investments for impairment on a periodic basis and at least every reporting period. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the volume of trade, as well as Securities Exchange Regulations. The Company's Board of Directors regularly reviews and approves equity investment decisions.

Interest rate risk

The Company is subject to interest rate risk on the interest income generated on its cash, cash equivalents and marketable securities. Details regarding maturity dates and effective interest rates are described in Note 7 - *Marketable Securities* of the C*onsolidated Annual Financial Statement*. Assuming all other variables remain constant, a 1% decline on the interest rate generated on cash, cash equivalents and marketable securities would have resulted in a reduction of interest income of $1,618 over a one-year period.

The Company is exposed to interest rate risks in connection with its bank loans borrowings. Details regarding maturity dates and effective interest rates are described in Section 6 *Liquidity and Capital Resources* of *Management's Discussion and Analysis*. The Bancolombia and IFC loans have a variable interest rate that fluctuates with the CDI, IBR and TIIE rates. The applicable CDI, IBR and TIIE are the average rates applicable during each interest period. Assuming all other variables remain constant, a 1% increase in the interest rate would have resulted in an increase of interest expense of $619 over a one-year period.

Credit risk

The Company considers its maximum credit risk to be $218,287 (December 31, 2022: $273,860) which is the total of the following assets: trade receivable, other receivable, interest receivable, loans receivable and investment in funds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The short-term investments, such as marketable securities, and cash equivalent balances are subject to minimal risk of changes in value and are invested in institutions with a S&P or DBRS credit rating of A, R1(low) or better. Currently, the Company's short-term investments and cash equivalent balances are invested in one Canadian financial institution.

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

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

The table below represents the Company's maximum exposure to credit risk without taking into consideration any security obtained to mitigate the risk. The maximum exposure to credit risk is determined by the carrying value of the asset.

Years ended December 31,	**2023**	2022
	$	$
Trade receivables	**88,722**	94,890
Interest receivable	**1,013**	4,510
Other receivables	**3,899**	5,605
Loans receivable	**15,704**	38,091
Investments in funds	**108,949**	132,404
Total	**218,287**	275,500

Management determines credit risk related to trade and accounts receivable based on customers who account for more than 5% of accounts receivable. As at December 31, 2023, two customers represented 17% and 12% (2022: none) of the trade and accounts receivable balance. For the year ended December 31, 2023, one customer represented 18% (2022: none) of revenues.

Liquidity risk

The Company generates sufficient cash from operating and investing activities to fulfill its obligations as they become due. The Company has sufficient funds available through its cash, cash equivalents and marketable securities should its cash requirements exceed cash generated from operations to cover all financial liability obligations. Periodically, the Company forecasts their projected cash flows both at the subsidiary and consolidated level. If any issues are identified, the corporate teams will work with the local teams to provide liquidity support.

Sensitivity analysis

Based on the aforementioned net currency exposure, and exposure to changes in equity prices, and assuming that all other variables remain constant, a 5% change, would have resulted in a change in the consolidated statement of loss as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Year ended December 31,	**2023 $**
Foreign exchange risk (5% change)	
USD	**4,781**
EUR	**810**
BRL	**2,583**
CLP	**(18)**
COP	**306**
ARS	**147**
MXN	**9**

Year ended December 31,	**2022 $**
Foreign exchange risk (5% change)	
USD	5,901
EUR	1,466
BRL	435
CLP	(203)
COP	183
ARS	179
MXN	(168)

The Company is also exposed to currency risk on the BOB, CHF, PEN, PYG, and UYU. A 5% change in the Company's net exposure to the above mentioned currencies would have resulted in a change in the consolidated statement of loss of $162 (2022: $182).

Years ended December 31,	**2023 $**	2022 $
Equity price risk (5% change)[1, 2]		
Equity investments	**222**	198
Investments in funds	**5,447**	6,620
Derivatives	**15**	106

[1] *The adverse change above does not reflect what could be considered the best or worst case scenarios. Results could be worse due to both the nature of equity markets and the concentrations existing in the Company's equity investment portfolio, in particular where there is less liquidity available as in the case of the small capitalization companies included in the equity investment securities.*

[2] *Change in the statement of comprehensive income (loss) of $47 (2022: $244) included in amount.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

29. STATEMENT OF CASH FLOWS

Effect on cash flows of changes in non-cash working capital are as follows:

Years ended December 31,	**2023**	2022
	$	**$**
Changes in non-cash working capital:		
Decrease (increase) in:		
Trade and other receivables	**5,250**	(31,120)
Prepaids and deposits	**(6,434)**	(394)
Inventories	**698**	(11,428)
Income taxes receivable	**325**	1,162
Increase (decrease) in:		
Accounts payable and accrued liabilities	**(21,629)**	35,120
Other liabilities	**(5,059)**	(317)
Income taxes payable	**(1,164)**	1,507
Total changes in non-cash working capital	**(28,013)**	(5,470)

30. RELATED PARTY TRANSACTIONS

Pharmascience Inc., a company related to the Company's Executive Chairman of the Board of Directors, provided administrative services of approximately $41 (2022: $34) to the Company for the year ended December 31, 2023.

31. COMMITMENTS

In the normal course of business, the Company secures development, sales, marketing and distribution rights to innovative drug products requiring royalties or product payments. These payments are considered normal operating commitments and as such are not included herein. The Company has entered into various agreements which include contractual commitments extending beyond the current year. These commitments are classified into three major categories: fund commitments, milestone and purchase commitments. The commitments of the Company as at December 31, 2023 are as follows:

[i] Fund commitments

As at December 31, 2023, under the terms of Company's agreements with life sciences venture capital funds, $8,751 (December 31, 2022: $11,787), including $750 [US$567] (December 31, 2022: $865 [US$639] and $1,078 [EUR 745]), may be called over the life of the funds (based on the closing foreign exchange rates).

[ii] Milestone and purchase commitments

Under certain agreements, Knight may have to pay additional consideration should the Company achieve certain sales volumes or if certain milestones are met, such as regulatory approval. The Company may have to pay up to $374,805 including $87,014 [US$65,790], $155,689 [CHF 98,800] and $1,818 [EUR 1,243] (December 31, 2022: up to $359,567 including $74,776 [US$55,210], $144,851 [CHF 98,800] and $1,436 [EUR 993]) upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $10,504 [CHF 4,987, US$2,000] (December 31, 2022: $11,710 [EUR 738, CHF 5,412, US$2,000]) of inventory for pharmaceutical products during the five-year period after their respective commercial launch. For products that are currently launched, the Company has committed to inventory purchases of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

$164,437 [BRL 285,200, US$48,402 and CHF 14,390] (December 31, 2022: $212,744 [BRL 427,800, US$64,182 and CHF 11,059]), which will be purchased over the next 7 years.

	$
2024	55,507
2025	56,177
2026	17,526
2027	17,748
2028 and beyond	17,479
Total	**164,437**

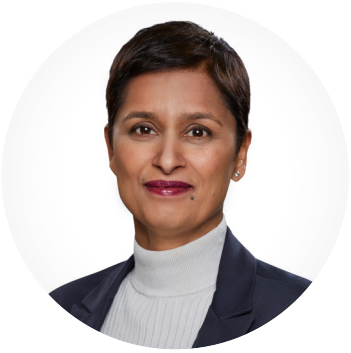
Furthermore, the Company has committed to certain sales force and marketing spend obligations during the five-year period after the commercial launch of one of its products.

32. RECLASSIFICATION OF COMPARATIVE FIGURES

The comparative amounts for interest paid on bank loans in the consolidated financial statements of cash flows have been reclassified from operating activities to financing activities to provide more accurate representation of the Company's cash flows.

The comparative amounts for prepaids and deposits (current and non-current), other receivables and other long-term receivables have been reclassified in the consolidated balance sheets to conform to the presentation adopted in the current year.

Management Team

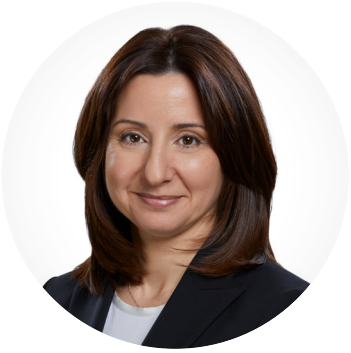


Samira Sakhia

President & Chief Executive Officer

Ms. Sakhia joined Knight as President in August 2016, was named President & Chief Operating Officer in June 2020 and assumed the role of President & Chief Executive Officer on September 1, 2021. Additionally, Ms. Sakhia served as CFO from October 2017 to March 2020. Prior to Knight, Ms. Sakhia served as the CFO at Paladin from 2001 to 2015. At Paladin, Ms. Sakhia was responsible for the finance, operations, human resources and investor relations functions. During her employment with Paladin, Ms. Sakhia was instrumental in executing in-licensing and acquisition transactions of Canadian and international pharmaceutical products and businesses. Ms. Sakhia led several M&A and strategic lending transactions as well as equity rounds on the TSX and completed the sale of Paladin to Endo International for $3.2 billion. Ms. Sakhia serves on the board of directors of Dollarama Inc. In addition, Ms. Sakhia serves on the board of the International Advisory Board of McGill's Desautels Faculty of Management and is a member at large of the Board of Governors of McGill University and an independent Board member at the McGill University Health Center. Ms. Sakhia holds an MBA, a Bachelor of Commerce and a Graduate Diploma in Accountancy from McGill University.

Ms. Sakhia is based in Montreal, Canada.



Amal Khouri

Chief Business Officer

Ms. Khouri joined Knight as Vice-President of Business Development in August 2014 and was promoted to Chief Business Officer in March 2021. At Knight, Ms. Khouri leads the corporate and business development teams as well as corporate strategy. Ms. Khouri was a key player in the acquisition of Grupo Biotoscana in 2019 and led the mandatory tender offer process that successfully completed in 2020. Prior to Knight, Ms. Khouri worked at Novartis Pharma for over 7 years, where she held multiple positions within the global business development and licensing team in Basel, Switzerland. Before joining Novartis, Ms. Khouri worked in business development at Paladin Labs in roles with increasing responsibilities. Ms. Khouri has led due diligence, deal structuring and negotiations on several transactions with a combined deal value of over $1 billion. In addition, Ms. Khouri serves on the board of Antibe Therapeutics, a publicly listed clinical stage biotechnology company. Ms. Khouri holds a B.Sc. in Biochemistry from McGill University and an M.B.A. from the University of Ottawa.

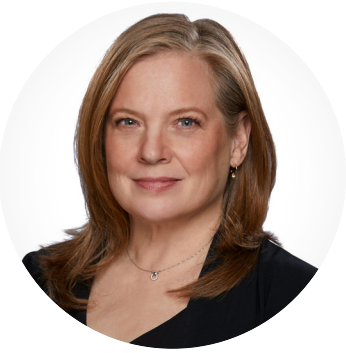
Ms. Khouri is based in Montreal, Canada.

Arvind Utchanah

Chief Financial Officer

Mr. Utchanah joined Knight as Director of Finance in June 2016 and was promoted to Vice-President of Finance in August 2019 and Chief Financial Officer in March 2020. At Knight, Mr. Utchanah is responsible for managing the finance and treasury functions as well as supply chain operations and IT. Mr. Utchanah played a key role in the acquisition of Grupo Biotoscana in 2019. Prior to joining Knight, Mr. Utchanah held a number of senior finance roles with increasing responsibilities with Paladin Labs Inc., most recently as Director of Finance, Accounting and Financial Planning & Analysis where he was instrumental in the integration with Endo Health Solutions Inc. Mr. Utchanah's move to Paladin Labs Inc. in 2012 after having spent 5 years with the global public accounting firm, Ernst & Young LLP, within the assurance services group. Mr. Utchanah is a Chartered Professional Accountant; he holds a Bachelor of Commerce degree from McGill University and a Graduate Diploma in Public Accountancy from Concordia University.

Mr. Utchanah is based in Montevideo, Uruguay.



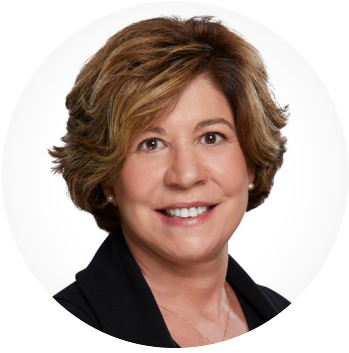
Susan Emblem

Global Vice President, Human Resources

Ms. Emblem joined Knight in October 2020 and was named Global Vice President Human Resources in August 2021. At Knight, Ms. Emblem is responsible for leading all HR integration and HR strategy across the business. Prior to joining Knight, Ms. Emblem worked at Paladin Labs for 20 years, where she held a number of leadership roles including as Vice President, Human Resources & Corporate Communications. Ms. Emblem was also Marketing Director, where she launched several key brands across several therapeutic areas for the business. Prior to her time at Paladin, Ms. Emblem was Marketing Manager for MSN Australia and she also held brand management roles at Unilever Australia. Ms. Emblem has a Bachelor of Commerce with concentrations in International Business and Entrepreneurship from McGill University.

Ms. Emblem is based in Montreal, Canada.

Management Team

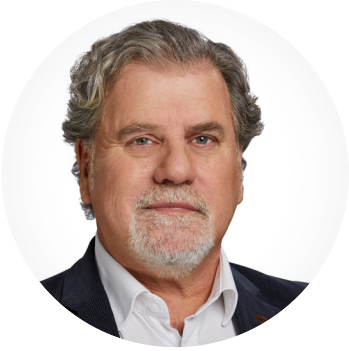


Monica Percario

Global Vice President, Regulatory and Quality

Ms. Percario joined Knight as Global VP of Scientific Affairs in August 2021 and appointed to Global VP Regulatory and Quality in January 2024. Ms. Percario has nearly 30 years of experience in the pharmaceutical industry. Prior to joining Knight, Ms. Percario was at Sanofi in Brazil where she had been working since 2008, most recently as Head of Regulatory - LatAm and Center of Expertise LatAm. At Sanofi, she also participated in the integration of Aventis with Medley and developed a strong expertise in the generics market as well as mature products. Further, she implemented a regional regulatory function with teams in several countries in Latin America, including Brazil, Colombia, Peru, Mexico, Chile, Argentina and several other countries, resulting in agility and efficiency across multiple dossiers. Prior to Sanofi, Ms. Percario worked in various regulatory roles at Farmasa (now a part of Hypera Pharma). During her time at Farmasa, she created the pharmacovigilance department and participated in clinical research studies in the development of biological products. Ms. Percario holds a degree in law and pharmacy with a postgraduate degree in health law.

Ms. Percario is based in São Paulo, Brazil.



Leopoldo Bosano

Vice President, Manufacturing and Operations

Mr. Bosano joined Knight as VP of Manufacturing and Operations in March 2022. Mr. Bosano has nearly 30 years of experience in operations management including over 25 years in the pharmaceutical industry. Prior to joining Knight, Mr. Bosano was at Givaudan Argentina where he had been working since 2014, most recently as Head of Operations - LatAm. At Givaudan, he was responsible for production, quality control and quality assurance, supply chain, engineering and maintenance across seven sites located in Argentina, Chile, Brazil, Colombia and Mexico. Prior to Givaudan, Mr. Bosano worked at HLB Pharma Group where he was Industrial Operations Director. In addition, he worked as General Manager and VP at UV-Vis Metrolab S.A. in Argentina. Prior to these roles, Mr. Bosano was at Bristol Myers Squibb for many years in Argentina as well as in Panama, where he held several roles including, planning, supply chain, procurement, technical operations, plant management and GM for supply to Middle and Far East and Latin American markets. Mr. Bosano holds a Bachelor of Chemical Engineering from Universidad Tecnológica Nacional as well as graduate degree in Marketing and Finance from Universidad Católica de la Plata.

Mr. Bosano is in Buenos Aires, Argentina.

Henrique Dias

Global Vice President, Marketing

Mr. Dias joined Knight as Global Director of Marketing in December 2021 and promoted to Global VP of Marketing in January 2024. Mr. Dias is a Senior Executive with over 20 years of experience in the pharmaceutical industry. Prior to joining Knight, he was leading the launch strategy of a major new product at AstraZeneca UK. He also held leadership positions at AstraZeneca and Janssen, where he managed businesses and new products worth over USD $1 billion in both Specialty Care and Primary Care. With a diverse regional background, Mr. Dias has held Global Positions in the US, Europe, and has led LATAM as BU Head for Hematology and specialty care products. He has extensive experience in new product launches and commercializing products in emerging markets. Mr. Dias holds a degree in Engineering and an MBA from USP with Honor in Strategy, with a Post-MBA from Wharton BS.

Mr. Dias is based in Montevideo, Uruguay.

Melanie Groleau

Global Vice President, Medical and Clinical

Ms. Groleau joined Knight as Senior Director - Scientific Affairs for Canada in October 2019. In July 2021, Ms. Groleau was promoted to Global Senior Director PV & Medical Information and Scientific Affairs Advisor for Canada. In May 2022, Ms. Groleau took on the role of Global Senior Director Medical Affairs. Ms. Groleau was promoted to Global VP Medical and Clinical in January 2024. Ms. Groleau is responsible for managing medical affairs, pharmacovigilance and medical information and clinical development across Canada and Latin America. Ms. Groleau is a senior executive with over 25 years of experience in healthcare and pharmaceutical industry. Ms. Groleau started her career as a hospital pharmacist and spent 19 years at Roche and Sanofi, during which she was the recipient of numerous awards and recognitions for her contribution. Prior to joining Knight in October 2019, Ms. Groleau was the head of business planning at Sanofi. She has a unique profile with a diversified experience in Pharmacovigilance, Regulatory, Quality Assurance, Research and Development, Medical and Commercial, which gives her a comprehensive understanding of the pharma industry. Ms. Groleau holds a master's degree in hospital pharmacy from Laval University and the RAPS Canadian and American regulatory certifications.

Ms. Groleau is based in Montreal, Canada

Management Team

Stephani Saverio

Global Vice President, Business Development

Mr. Saverio joined Knight as Senior Director Business Development in August 2020, was promoted to VP Business Development in March 2021 and appointed to the management team as Global VP Business Development in January 2024. Mr. Saverio is an experienced healthcare professional with over 25 years achieving transformational results through the leadership of both business and scientific teams in big pharma groups such as Merck, Bristol-Myers Squibb and Aché Laboratories in Brazil. At Knight, Mr. Saverio has been instrumental to strengthening the company's portfolio through licensing and acquisition of new products, which has been expanding Knight's presence across different therapeutic areas and geographies. Mr. Saverio is an innovative business executive with a track record of leading hundreds of deals and R&D programs, which resulted in the launch of 300+ products in several markets worldwide, as well as acquisitions and out-licensing deals valued at over US$500 million. In addition, Mr. Saverio serves on the board of Nintx Therapeutics. Mr. Saverio holds a degree in Pharmacy and Biochemistry, and an MBA from the University of Sao Paulo (FIA/USP).

Mr. Saverio is based in São Paulo, Brazil.

Board of Directors

Jonathan Ross Goodman

Executive Chairman

Mr. Goodman founded Knight in February 2014 and was Knight's CEO until August 31, 2021. Mr. Goodman was cofounder of Paladin Labs Inc. ("Paladin") and was President and Chief Executive Officer until its acquisition by Endo Health Solutions Inc. in 2014 for $3.2 billion. Under Mr. Goodman's leadership, Paladin grew to be a leading Canadian specialty pharmaceutical company with sales of over $150 million in Canada. Prior to co-founding Paladin in 1995, Mr. Goodman was a consultant with Bain & Company and also worked in brand management for Procter & Gamble. Mr. Goodman holds a B.A. with Great Distinction from McGill University and the London School of Economics with 1st Class Honours. Additionally, Mr. Goodman holds an LL.B. and an M.B.A. from McGill University.

James C. Gale*

Lead Director

Mr. Gale is the founding partner of Signet Healthcare Partners. He is currently the Chairman of the Board of Bionpharma, Inc., and also serves on the board of directors of Ascendia Pharmaceuticals, Hyloris SA, Lee's Pharmaceutical Holdings Ltd, Juno Pharmaceuticals Inc, Pharma Nobis LLC, RK Pharma Inc., Pharmaceuticals International Inc. and Chr. Olesen Synthesis A/S. Prior to Signet, Mr. Gale worked for Gruntal & Co., LLC as head of principal investment activities and investment banking. Prior to joining Gruntal, he worked in Home Insurance Co., Gruntal's parent. Earlier in his career, Mr. Gale was a senior investment banker at E.F. Hutton & Co. Mr. Gale holds an M.B.A. from the University of Chicago. Mr. Gale was a member of the Board of Directors of Paladin Labs Inc. from 2008 to 2014.

Samira Sakhia

President & Chief Executive Officer

Refer to Management Team section.

** Member of the Audit Committee*
† Member of the Compensation, Corporate Governance and Nominating Committee

Robert N. Lande*†

Director

Mr. Lande is the President of FXCM Group LLC, an online brokerage firm offering trading in foreign exchange, equity indices and commodities. Formerly, he was Chief Financial Officer of FXCM and prior to that was a managing partner and Chief Operating Officer of Riveredge Capital Partners LLC, an investment management firm. Prior to Riveredge, Mr. Lande worked for over 16 years within the BCE/Bell Canada group where his last position was Chief Financial Officer of Telecom Américas Ltd., a joint venture between Bell Canada International, AT&T (then SBC Communications) and America Movil. Mr. Lande was a member of the board of directors of Paladin from 1995 to 2014. Mr. Lande is a chartered financial analyst and holds an M.B.A. from the John Molson School of Business of Concordia University and a B.A. in Economics from McGill University.

Michael J. Tremblay†

Director

Mr. Tremblay has over 40 years of experience in the pharmaceutical industry. In 2018, he retired from Astellas Pharma Canada, Inc. where he served as President of Canadian operations. He joined the company in June 2000 and held various positions within the organization's commercial area before being appointed as President in 2010. Prior to joining Astellas, Mr. Tremblay held positions at Janssen Canada Inc., Searle Canada Inc., Baxter-Travenol Canada and Smith, Kline and French Canada. Mr. Tremblay has sat on a number of Boards, including Community & Home Assistance to Seniors and Innovative Medicines Canada, the organization representing the leading research-based pharmaceutical companies in Canada. Mr. Tremblay began serving on the Board of IMC in 2011, was elected Chair of the Board in 2015 and held that position until November 2017. Mr. Tremblay holds a B.Sc. in Biology and Chemistry from the University of Windsor.

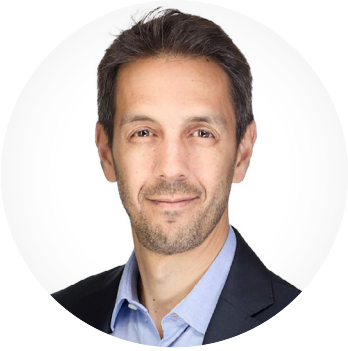
** Member of the Audit Committee*
† Member of the Compensation, Corporate Governance and Nominating Committee

Board of Directors

Janice Murray*†

Director

Ms. Murray has a wealth of pharmaceutical experience as well as leadership in general management, strategy, finance and sales & marketing. She served as Chief Financial Officer of Novartis Pharmaceuticals Canada Inc., for several years before becoming Vice President of the Ophthalmics Business Franchise. Ms. Murray then became Chief Financial Officer of the Latin America & Canada Region where she was responsible for 10 reporting units and $2 billion in sales. Before her retirement in 2019, she became President of Novartis Canada where she led multiple therapeutic areas, launched several innovative medicines and served on the Innovative Medicines Canada Industry Board. Prior to Novartis Canada, Ms. Murray held several roles at Canadian National Railways, including Vice President Network Strategy Development, Vice President of Sales and Market Development and Chief of Internal Audit where she led several strategic projects during key acquisitions and privatization. She completed her CPA, CA designation while working at KPMG LLP where she became an Audit Manager. Ms. Murray holds a Bachelor of Commerce from University of Ottawa and a Graduate Diploma in Accounting from McGill University. Ms. Murray serves on the boards of the VOBOC Foundation, and the Teresa Dellar Palliative Care Residence Foundation. Ms. Murray holds a CPA designation from the CPA Ontario, as well as ICD.D designation from the Institute of Corporate Directors' program at the University of Toronto – Rotman School of Management.



Nicolás Sujoy †

Director

Mr. Sujoy has more than 25 years of private equity experience in Latin America. He is a founding partner of the Private Equity firm Clara Capital. Formerly, Mr. Sujoy worked for Advent International where he was a director and country manager, participating in transactions in the pharma, banking and business services sectors, and serving on the Board of Directors of several companies. With Advent, where he worked for 7 years, Nicolás led or co-led investments in Nuevo Banco Comercial and Pronto in Uruguay, and in Laboratorios LKM and Fada Pharma in Argentina, among others. He also participated in the acquisition of Biotoscana Farma in Colombia, and the assembly of the regional pharmaceutical company GBT. Prior to joining Advent, he was an investment manager at HSBC Private Equity Latin America, where he participated in transactions in telecommunications and energy sectors, among others. Mr. Sujoy has been member of the board of Biotoscana Investments S.A. since May 2017. Mr. Sujoy holds a degree in economics from the Torcuato di Tella University in Argentina.

** Member of the Audit Committee*
† Member of the Compensation, Corporate Governance and Nominating Committee

Corporate Information

Knight Therapeutics Inc.
3400 De Maisonneuve Blvd. W., Suite 1055
Montreal, Quebec
H3Z 3B8

T: 514-484-4GUD (4483)
F: 514-481-4116

Email: IR@knighttx.com
www.knighttx.com

Stock Exchange Listing
Toronto Stock Exchange
Trading Symbol: GUD

Shares Outstanding
101,170,382
(as at December 31, 2023)

Fiscal Year 2023 Trading Summary
High: $5.37
Low: $4.28
Close: $5.19
Average Daily Volume: 87,888

Transfer Agent
Computershare
1-800-564-6253

Auditors
Ernst & Young LLP

This annual report is also available at www.knighttx.com

Ce document est également disponible en français.

Knight Therapeutics Inc.
3400 De Maisonneuve Blvd. West, Suite 1055
Montreal, Quebec H3Z 3B8
T: (514) 484-4483
F: (514) 481-4116
Email: IR@knighttx.com
www.knighttx.com