



Source: Knight Therapeutics

August 10, 2023 07:30 ET

Knight Therapeutics Reports Second Quarter 2023 Results

- Achieves Record Revenues

MONTREAL, Aug. 10, 2023 (GLOBE NEWSWIRE) -- Knight Therapeutics Inc. (TSX: GUD) ("Knight" or "the Company"), a leading pan-American (ex-US) specialty pharmaceutical company, today reported financial results for its second quarter ended June 30, 2023. All currency amounts are in thousands except for share and per share amounts. All currencies are Canadian unless otherwise specified.

Q2 2023 Highlights

Financial Results

- Revenues were \$89,905, an increase of \$14,085 or 19% over the same period in prior year.
- Gross margin of \$37,493 or 42% compared to \$38,295 or 51% in the same period in prior year.
- Adjusted EBITDA¹ was \$14,269, a decrease of \$3,621 or 20% over the same period in prior year.
- Adjusted EBITDA per share¹ of \$0.13, a decrease of \$0.02 or 15% over the same period in prior year.
- Net gain on financial assets measured at fair value through profit or loss of \$3,939.
- Net income was \$1,840, compared to \$2,516 in the same period in the prior year.
- Cash outflow from operations was \$1,486, compared to a cash inflow from operations of \$13,249 in the same period in prior year.

Corporate Developments

- Purchased 2,875,020 common shares through Knight's NCIB at an average price of \$4.78 for aggregate cash consideration of \$13,733.

Products

- 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.

Subsequent to quarter-end

- Submitted marketing authorization for Tavalisse[®] (fostamatinib) in Colombia and Mexico.
- Obtained regulatory approval for Minjuvi[®] (tafasitamab) in Brazil.
- Launched a NCIB in July 2023 to purchase up to 5,999,524 common shares of the Company.

"I am excited to report that Knight achieved record revenues this quarter. During the first six months of 2023, Knight has delivered revenues of over \$172 million and adjusted EBITDA of over \$32 million, a growth of 24% and 4%, respectively, compared to the same prior year period. The strong performance is a testament to the hard work and dedication of our team and the continued success of our portfolio. In addition, our team continues to focus on advance our pipeline, with the submission of innovative and branded generic products across our territories" said Samira Sakhia, President and Chief Executive Officer of Knight Therapeutics Inc.

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

SELECT FINANCIAL RESULTS REPORTED UNDER IFRS

[In thousands of Canadian dollars]

	Q2-23	Q2-22	Change		YTD-23	YTD-22	Change	
			\$ ¹	% ²			\$ ¹	% ²
Revenues	89,905	75,820	14,085	19%	172,502	139,627	32,875	24%
Gross margin	37,493	38,295	(802)	2%	78,255	70,772	7,483	11%
Gross margin %	42%	51%	—	—	45%	51%	—	—
Operating expenses ⁴	37,603	35,959	(1,644)	5%	72,732	68,752	(3,980)	6%
Net income (loss)	1,840	2,516	(676)	27%	(2,097)	(16,295)	14,198	87%
EBITDA ³	14,269	17,890	(3,621)	20%	32,506	31,202	1,304	4%
Adjusted EBITDA ³	14,269	17,890	(3,621)	20%	32,506	31,202	1,304	4%

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

² Percentage change is presented in absolute values.

³ EBITDA and adjusted EBITDA are non-GAAP measures, refer to the definitions in section "Non-GAAP measures" for additional details.

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

SELECT FINANCIAL RESULTS AT CONSTANT CURRENCY

[In thousands of Canadian dollars]

	Q2-23	Q2-22	Variance		YTD-23	YTD-22	Variance	
			Excluding impact of IAS 29 ¹					
		Constant Currency ¹	\$ ²	% ³		Constant Currency ¹	\$ ²	% ³
Revenues	90,400	77,082	13,318	17%	173,067	143,102	29,965	21%
Gross margin	40,244	42,345	(2,101)	5%	81,630	77,498	4,132	5%
Gross margin %	45%	55%	—	—	47%	54%	—	—
Operating expenses ⁴	37,985	34,888	(3,097)	9%	72,812	67,802	(5,010)	7%
EBITDA ¹	14,269	19,079	(4,810)	25%	32,506	33,272	(766)	2%
Adjusted EBITDA ¹	14,269	19,079	(4,810)	25%	32,506	33,272	(766)	2%

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

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

³ Percentage change is presented in absolute values.

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

SELECT BALANCE SHEET ITEMS
[In thousands of Canadian dollars]

			Change	
	June 30, 2023	December 31, 2022	\$	%¹
Cash, cash equivalents and marketable securities	141,623	172,674	(31,051)	18%
Trade and other receivables	161,755	151,669	10,086	7%
Inventory	98,682	92,489	6,193	7%
Financial assets	160,881	176,563	(15,682)	9%
Accounts payable and accrued liabilities	96,365	108,730	(12,365)	11%
Bank loans	72,461	70,072	2,389	3%

¹ Percentage change is presented in absolute values.

Revenues: For the quarter ended June 30, 2023, excluding the impact of hyperinflation, revenues increased by \$15,379 or 20% compared to the same period in prior year. The appreciation of select LATAM currencies led to an increase in revenues of \$2,061 in Q2-23 compared to Q2-22. The revenues by therapeutic areas are as follows:

	<i>Excluding impact of IAS 29³</i>			
			Change	
Therapeutic Area	Q2-23	Q2-22	\$¹	%²
Oncology/Hematology	27,935	26,034	1,901	7%
Infectious Diseases	45,567	29,860	15,707	53%
Other Specialty	16,898	19,127	(2,229)	12%
Total	90,400	75,021	15,379	20%

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

² Percentage change is presented in absolute values.

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

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

- **Oncology/Hematology:** The oncology/hematology portfolio grew by approximately \$5,923 due to continued growth of key promoted products including Lenvima[®], Trelstar[®], Rembre[®] and the assumption of commercial activities of Akynzeo[®] in Brazil, Argentina and Canada. This increase is offset by a reduction of approximately \$4,000 in revenues of our mature and branded generics products due to their lifecycle including the market entrance of new competitors.
- **Infectious Diseases:** The infectious disease portfolio grew by approximately \$18,913, excluding the impact of the planned transition and termination of the Gilead Amendment. The increase is driven by the revenues of \$18,000 related to the sales contract the with the Ministry of Health in Brazil for Ambisome[®] ("MOH Contract"), and the growth of our key promoted products including Cresemba[®].
- **Other Specialty:** The decrease in the other specialty portfolio is primarily driven by a net decrease of the revenues of Exelon[®] of \$1,500 due to the transition from Novartis to Knight. The revenues of Exelon[®] declined by approximately \$7,500 in Q2-23 versus Q2-22 due to the transition of commercial operations from Novartis to Knight. The revenues in Q2-23 were negatively impacted due to advanced purchases in Q1-23 in connection with transition of commercial operations, primarily in Mexico. In addition, in Q2-22, Knight recorded higher

revenues due to the advanced purchases in connection with the transition of commercial operations, primarily in Brazil and Colombia. The decrease is offset by an estimated \$6,000 additional revenues recognized due to the change in accounting treatment from net profit transfer to revenues with related cost of sales upon the transition.

Gross margin: For the quarter ended June 30, 2023, gross margin, as a percentage of revenues, was 42% in Q2-23 and 51% Q2-22. Excluding the impact of IAS 29, gross margin, as a percentage of revenues, was 45% in Q2-23 and 54% in Q2-22. Exelon[®] was recorded as a net profit transfer from Novartis in Q2-22. If Knight had reported revenues and related cost of sales for Exelon[®] instead of a net profit transfer, the gross margin would have been 50% ("Adjusted Gross Margin"). The decrease in the Adjusted Gross Margin of 50% in Q2-22 to 45% in Q2-23 is due to product mix.¹

Selling and marketing ("S&M"): For the quarter ended June 30, 2023, S&M expenses were \$12,874, an increase of \$1,948 or 18%, compared to the same period in prior year. Excluding the impact of IAS 29, the increase is \$2,245 or 21%. The increase is driven an expansion of the sales force structure as well as marketing activities related to Exelon[®] upon the transition of commercial activities from Novartis to Knight and Akynzeo[®] relaunched in Brazil in Q3-22 and Canada in Q4-22. In addition, certain variable costs such as logistics fees rose as a function of higher revenues.

General and administrative ("G&A"): For the quarter ended June 30, 2023, G&A expenses were \$9,119, a decrease of \$1,447 or 14%, compared to the same period in prior year. Excluding the impact of IAS 29, the decrease is \$528 or 5%.

Research and development ("R&D"): For the quarter ended June 30, 2023, R&D expenses were \$4,336, an increase of \$924 or 27%, compared to the same period in prior year. Excluding the impact of IAS 29, the increase is \$1,458 or 46%. The increase is driven by an expansion in our structure behind product development and medical initiatives related to key promoted products including Akynzeo[®] relaunched in Brazil Q3-22 and in Canada Q4-22.

Amortization and impairment of intangible assets: For the quarter ended June 30, 2023, amortization and impairment of intangible assets was \$11,274, an increase of \$219 or 2% compared to the same period in prior year.

Interest income: Interest income is the sum of interest income on financial instruments measured at amortized cost and other interest income. For the quarter ended June 30, 2023, interest income was \$3,087, an increase of \$660 or 27%, compared to the same period in prior year. The increase is driven by higher interest rates on cash and marketable securities.

Interest expense: For the quarter ended June 30, 2023, interest expenses were \$3,004, an increase of \$1,287 or 75%, compared to the same period in prior year. The increase is driven by higher average loan balance resulting from IFC loan closed in December 2022 and higher variable interest rates, partially offset by principal repayments of Itaú Unibanco Brasil and Bancolombia bank loans.

Adjusted EBITDA: For the three-month period ended June 30, 2023, adjusted EBITDA decreased by \$3,621 or 20%, driven by the decrease in gross margin and increase in operating expenses.

Net income: For the quarter ended June 30, 2023, net income was \$1,840 compared to net income of \$2,516 for the same period in prior year. The variance mainly resulted from the above-mentioned items and (1) a net gain on the revaluation of financial assets measured at fair value through profit or loss of \$3,939 versus a net loss of \$7,692 in the same period in prior year, mainly due to unrealized revaluations of the strategic fund investments, (2) a foreign exchange loss of \$4,918 in Q2-23 versus a foreign exchange gain of \$4,507 in Q2-22 and (3) an income tax recovery of \$1,628 in Q2-23 driven by the recognition of certain deferred tax assets due to timing differences related to our financial assets, tax loss in certain jurisdictions and certain intercompany transactions, offset by current income tax expense due to operating income, compared to the income tax recovery of \$1,009 in Q1-23.

¹

Adjusted Gross Margin is a non-GAAP measure, refer to section "Non-GAAP measures" for additional details.

Cash, cash equivalents and marketable securities: As at June 30, 2023, Knight had \$141,623 in cash, cash equivalents and marketable securities, a decrease of \$31,051 or 18% as compared to December 31, 2022. The variance is primarily due to outflows for certain regulatory and sales milestones on

certain products, including Akynzeo[®] and Aloxi[®] from Helsinn, shares repurchased through NCIB, repayment of bank loans partially offset by cash inflows from operating activities, principal repayment of a strategic loan and proceeds from the disposal of Medimetriks.

Financial assets: As at June 30, 2023, financial assets were at \$160,881, a decrease of \$15,682 or 9%, as compared December 31, 2022, driven mainly by the mark-to-market adjustments of \$8,029 due to the decline in the share prices of the publicly-traded equities held by our strategic fund investments and a strategic loan repayment of \$5,357, offset by capital calls on the funds. Given the nature of the fund investments there could be significant fluctuations in the fair value of the underlying assets.

Bank Loans: As at June 30, 2023, bank loans were at \$72,461, an increase of \$2,389 or 3% as compared to December 31, 2022.

Product Updates

During the quarter, Knight submitted the marketing authorization applications for two innovative products, Pemazyre[®] (pemigatinib) in Argentina and Mexico and Minjuvi[®] (tafasitamab) in Mexico. Knight advanced its branded generics portfolio, particularly in Chile, with the submission of the marketing authorization applications for Rembre[®] (dasatinib) and Karfib[®] (carfilzomib) and obtained regulatory approval of Xetrane[®] (pomalidomide).

Subsequent to the quarter, 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 addition, the Company received the regulatory approval in Brazil for Minjuvi[®], in combination with lenalidomide followed by tafasitamab monotherapy for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL), including DLBCL due to low-grade lymphoma, who are not eligible for autologous stem cell transplantation (ASCT). Upon obtaining the marketing authorization from ANVISA, Knight submitted an application for pricing approval to Drugs Market Regulation Chamber ("CMED") which establishes maximum prices allowed for drugs sold in Brazil. The timing and outcome of the pricing approval process is uncertain and could take up to two years. The commercial launch of Minjuvi[®] is dependent on obtaining a favorable CMED price.

Corporate Updates

NCIB

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 three month period ended June 30, 2023, the Company purchased 2,875,020 common shares at an average price of \$4.78 for aggregate cash consideration of \$13,733 of which \$215 remains to be settled as at June 30, 2023. Subsequent to quarter-end up to August 3, 2023, the Company purchased an additional 480,434 common shares at an average purchase price of \$4.87 for an aggregate cash consideration of \$2,341.

Financial Outlook Update

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

For fiscal 2023, Knight has updated its financial guidance on revenues and expects to generate between \$310 million to \$330 million in revenues an increase of \$10 million on the lower and upper end of the range. The adjusted EBITDA is expected to be between 16% to 17% of revenues. The increase in the financial outlook is primarily due to an improvement in LATAM currencies against

the Canadian dollar in the second quarter of 2023. The guidance is based on a number of assumptions, including but not limited to the following:

- no revenues for business development transactions not completed as at August 10, 2023
- discontinuation of certain distribution agreements
- no interruptions in supply whether due to global supply chain disruptions or general manufacturing issues
- no new generic entrants on our key pharmaceutical brands
- no unforeseen changes to government mandated pricing regulations
- successful commercial execution on product listing arrangements with HMOs, insurers, key accounts, and public payers
- successful execution and uptake of newly launched products
- no significant restrictions or economic shut down due to global pandemics
- foreign currency exchange rates remaining within forecasted ranges

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

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

Conference Call Notice

Knight will host a conference call and audio webcast to discuss its second quarter ended June 30, 2023, today at 8:30 am ET. Knight cordially invites all interested parties to participate in this call.

Date: Thursday, August 10, 2023

Time: 8:30 a.m. ET

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

Webcast: www.knighttx.com or [Webcast](#)

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

Replay: An archived replay will be available for 30 days at www.knighttx.com

About Knight Therapeutics Inc.

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

Forward-Looking Statement

This document contains forward-looking statements for Knight Therapeutics Inc. and its subsidiaries. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Knight Therapeutics Inc. considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared but cautions the reader that these assumptions regarding future events, many of which are beyond the control of Knight Therapeutics Inc. and its subsidiaries, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations are discussed in Knight Therapeutics Inc.'s Annual Report and in Knight Therapeutics Inc.'s Annual Information Form for the year ended December 31, 2022 as filed on www.sedar.com. Knight Therapeutics Inc. disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information or future events, except as required by law.

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IMPACT OF HYPERINFLATION

[In thousands of Canadian dollars]

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

	Q2-23				YTD-23			
	Reported under IFRS	Excluding impact of IAS 29 ¹	Variance		Reported under IFRS	Excluding impact of IAS 29 ¹	Variance	
			\$ ²	% ³			\$ ²	% ³
Revenues	89,905	90,400	(495)	1%	172,502	173,067	(565)	—%
Cost of goods sold	52,412	50,156	(2,256)	4%	94,247	91,437	(2,810)	3%
Gross margin	37,493	40,244	(2,751)	7%	78,255	81,630	(3,375)	4%
<i>Gross margin (%)</i>	<i>42%</i>	<i>45%</i>			<i>45%</i>	<i>47%</i>		
Expenses								
Selling and marketing	12,874	12,985	111	1%	23,539	23,698	159	1%
General and administrative	9,119	9,188	69	1%	18,225	18,075	(150)	1%
Research and development	4,336	4,623	287	6%	8,523	8,725	202	2%
Amortization and impairment of intangible assets	11,274	11,189	(85)	1%	22,445	22,314	(131)	1%
Operating income (loss)	(110)	2,259	(2,369)	105%	5,523	8,818	(3,295)	37%

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

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

³ Percentage change is presented in absolute values.

NON-GAAP MEASURES

[In thousands of Canadian dollars]

Non-GAAP measures

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

The Company uses the following non-GAAP measures:

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

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

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

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

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

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

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

Adjustments include the following:

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

For the three and six-month period ended June 30, 2023, the Company calculated EBITDA and adjusted EBITDA as follows:

	Q2-23	Q2-22	Change		YTD-23	YTD-22	Change	
			\$ ¹	% ²			\$ ¹	% ²
Operating income (loss)	(110)	2,336	(2,446)	105%	5,523	2,020	3,503	173%
Adjustments to operating income (loss):								
Amortization and impairment	11,274	11,055	219	2%	22,445	22,343	102	—%

of intangible assets								
Depreciation of property, plant and equipment and ROU assets	884	2,723	(1,839)	68%	2,796	4,816	(2,020)	42%
Lease costs (IFRS 16 adjustment)	(636)	(643)	7	1%	(1,367)	(1,289)	(78)	6%
Impact of IAS 29	2,857	2,419	438	18%	3,109	3,312	(203)	6%
EBITDA³	14,269	17,890	(3,621)	20%	32,506	31,202	1,304	4%
Acquisition and transition costs	—	—	—	—	—	—	—	—
Other non-recurring expenses	—	—	—	—	—	—	—	—
Adjusted EBITDA³	14,269	17,890	(3,621)	20%	32,506	31,202	1,304	4%

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

² Percentage change is presented in absolute values.

³ EBITDA and adjusted EBITDA are non-GAAP measures, refer to the definitions in section "Non-GAAP measures" for additional details.

The Company calculated adjusted EBITDA per share as follows:

	Q2-23	Q2-22	YTD-23	YTD-22
Adjusted EBITDA¹	14,269	17,890	32,506	31,202
Adjusted EBITDA per common share ¹	0.13	0.16	0.30	0.27
Number of common shares outstanding at period end (in thousands)	107,177	114,623	107,177	114,623

¹ Adjusted EBITDA is non-GAAP measure and adjusted EBITDA per share is a non-GAAP ratio, refer to the definitions in section "Non-GAAP measures" for additional details.

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	06-30-2023	12-31-2022
ASSETS		
Current		
Cash and cash equivalents	37,844	71,679
Marketable securities	92,657	85,826
Trade receivables	103,666	94,890
Other receivables	14,433	12,930
Inventories	98,682	92,489
Prepays and deposits	1,792	1,704
Other current financial assets	32,745	33,716
Income taxes receivable	3,548	2,385
Total current assets	385,367	395,619

Marketable securities	11,122	15,169
Prepays and deposits	4,529	4,355
Right-of-use assets	4,777	5,827
Property, plant and equipment	15,302	16,806
Intangible assets	318,638	338,780
Goodwill	85,738	82,274
Other financial assets	128,136	142,847
Deferred income tax assets	15,051	9,310
Other long-term receivables	43,656	43,849
	626,949	659,217
Assets held for sale	1,427	—
Total assets	1,013,743	1,054,836

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	93,537	106,061
Lease liabilities	1,942	2,578
Other liabilities	1,545	5,793
Bank loans	21,097	17,674
Income taxes payable	1,652	2,274
Other balances payable	2,222	6,941
Total current liabilities	121,995	141,321

Accounts payable and accrued liabilities	2,828	2,669
Lease liabilities	4,797	5,050
Bank loans	51,364	52,398
Other balances payable	20,711	23,176
Deferred income tax liabilities	4,849	4,365
Total liabilities	206,544	228,979

Shareholders' Equity

Share capital	571,928	599,055
Warrants	117	117
Contributed surplus	25,275	23,664
Accumulated other comprehensive income	47,430	41,266
Retained earnings	162,449	161,755
Total shareholders' equity	807,199	825,857
Total liabilities and shareholders' equity	1,013,743	1,054,836

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

[Unaudited]

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenues	89,905	75,820	172,502	139,627
Cost of goods sold	52,412	37,525	94,247	68,855
Gross margin	37,493	38,295	78,255	70,772

Expenses

Selling and marketing	12,874	10,926	23,539	20,616
General and administrative	9,119	10,566	18,225	19,398
Research and development	4,336	3,412	8,523	6,395
Amortization and impairment of intangible assets	11,274	11,055	22,445	22,343
Operating income (loss)	(110)	2,336	5,523	2,020

Interest income on financial instruments measured at amortized cost	(2,015)	(708)	(4,194)	(1,054)
Other interest income	(1,072)	(1,719)	(2,245)	(2,853)
Interest expense	3,004	1,717	5,795	2,828
Other expense	(310)	(219)	(216)	(129)
Net (gain) loss on financial instruments measured at fair value through profit or loss	(3,939)	7,692	7,908	24,055
Foreign exchange (gain) loss	4,918	(4,507)	4,845	1,682
Gain on hyperinflation	(908)	(556)	(1,636)	(833)
Income (loss) before income taxes	212	636	(4,734)	(21,676)

Income tax

Current	33	798	2,139	971
Deferred	(1,661)	(2,678)	(4,776)	(6,352)
Income tax recovery	(1,628)	(1,880)	(2,637)	(5,381)
Net income (loss) for the period	1,840	2,516	(2,097)	(16,295)

Basic and diluted net income (loss) per share	0.02	0.02	(0.02)	(0.14)
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Weighted average number of common shares outstanding

Basic	108,475,559	115,082,184	109,988,526	116,127,721
Diluted	108,678,732	115,177,789	109,988,526	116,127,721

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
OPERATING ACTIVITIES				
Net income (loss) for the period	1,840	2,516	(2,097)	(16,295)
Adjustments reconciling net income to operating cash flows:				
Depreciation and amortization	12,158	13,778	25,241	27,159
Net loss (gain) on financial instruments	(3,939)	7,692	7,908	24,055
Unrealized foreign exchange (gain) loss	(809)	(5,981)	(2,062)	669
Other operating activities	407	(734)	(92)	(3,150)
	9,657	17,271	28,898	32,438
Changes in non-cash working capital and other items	(11,143)	(4,022)	(26,068)	(5,915)
Cash inflow (outflow) from operating activities	(1,486)	13,249	2,830	26,523

INVESTING ACTIVITIES

Purchase of marketable securities	(76,334)	(43,427)	(185,550)	(59,235)
Proceeds on maturity of marketable securities	75,200	43,324	181,168	79,870
Investment in funds	(148)	(413)	(170)	(453)
Purchase of intangible assets	—	(18,216)	(7,667)	(18,450)
Other investing activities	5,482	3,155	7,705	3,509
Cash inflow (outflow) from investing activities	4,200	(15,577)	(4,514)	5,241

FINANCING ACTIVITIES

Repurchase of common shares through Normal Course Issuer Bid	(13,951)	(10,259)	(24,465)	(16,922)
Principal repayment of bank loans	(5,422)	(5,391)	(6,009)	(5,391)
Proceeds from bank loans	1,443	—	2,090	422
Other financing activities	(4,165)	(2,283)	(5,583)	(3,249)
Cash outflow from financing activities	(22,095)	(17,933)	(33,967)	(25,140)

Increase (decrease) in cash and cash equivalents during the period	(19,381)	(20,261)	(35,651)	6,624
Cash and cash equivalents, beginning of the period	56,218	113,457	71,679	85,963
Net foreign exchange difference	1,007	(77)	1,816	532
Cash and cash equivalents, end of the period	37,844	93,119	37,844	93,119

Cash and cash equivalents			37,844	93,119
Marketable securities			103,779	43,116
Total cash, cash equivalents and marketable securities			141,623	136,235