



KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis
For the three and six-month periods ended June 30, 2024

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

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KNIGHT THERAPEUTICS INC.

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(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 three and six-month periods ended June 30, 2024. This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and six-month periods ended June 30, 2024, and the audited consolidated financial statements and Management's Discussion and Analysis of financial condition and operating results in our annual report for the year ended December 31, 2023. Knight's unaudited interim condensed consolidated financial statements as at and for the three and six-month periods ended June 30, 2024, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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. All positive variance represent a positive impact to net income (loss) and a negative variance represents a negative impact to net income. All percentage changes are presented in absolute values.

For a glossary of abbreviations used throughout this MD&A refer to section Glossary of Abbreviations.

This discussion and analysis were prepared by management from information available as of August 7, 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.

OVERVIEW

Section 1 – About Knight Therapeutics Inc.

Knight Therapeutics Inc. is a specialty pharmaceutical company, headquartered in Montreal, Canada, and 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.
- Invested 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 – Q2-24 Highlights

Financial Results

- Revenues of \$95,573, an increase of \$5,668 or 6% over the same period in prior year driven by growth of our key promoted products partly offset by our mature products.
- Gross margin of \$47,337 or 50% of revenues compared to \$37,493 or 42% of revenues in the same period in prior year.
- Adjusted EBITDA¹ was \$15,744, an increase of \$1,475 or 10% over the same period in prior year.
- Adjusted EBITDA per share¹ of \$0.16, an increase of \$0.03 or 23% over the same period in prior year.
- Net loss was \$1,942, compared to net income of \$1,840 in the same period in the prior year.
- Cash outflow from operations was \$1,086, compared to \$1,486 in the same period in prior year.

Corporate Developments

- Completed the NCIB launched in July 2023 with a total purchase of 5,999,524 shares at an average price of \$4.87 for aggregate cash consideration of \$29,231.
- Shareholders re-elected Jonathan Ross Goodman, Samira Sakhia, James C. Gale, Robert N. Lande, Michael J. Tremblay, Nicolás Sujoy and Janice Murray on the Board of Directors.

Products

- Entered into an exclusive supply and distribution agreement for Jornay PMTM (methylphenidate HCl extended-release capsules) for Canada and Latin America.

Subsequent to quarter-end

- Launched a NCIB in July to purchase up to 5,312,846 common shares of the Company over the next year.

¹ Adjusted EBITDA and Adjusted EBITDA per share are non-GAAP measures. Refer to section 15 - Non-GAAP measures for additional details.

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FINANCIAL RESULTS**Section 3 – Results of Operations****Hyperinflation**

The Company applies IAS 29, Financial Reporting in Hyperinflation Economies, as the Company's Argentine subsidiaries use the Argentine Peso as their functional currency. IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be adjusted based on an appropriate general price index to express the effects of inflation. After applying for the effects of translation, the statement of income is converted using the closing foreign exchange rate of the month. The Company restated the revenues and operating expenses of each of the following months in the three and six-month periods ended June 30 using the following general price indexes:

	January	February	March	April	May	June
2024	1.49	1.32	1.19	1.09	1.05	1.00
2023	1.42	1.33	1.24	1.14	1.06	1.00

Foreign exchange

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.

Exchange rate fluctuations of LATAM currencies impact the Company's results in two ways:

- i. Transactional impact: certain product purchases and operating expenses are denominated in foreign currencies (mainly USD, EURO and CHF); and,
- ii. Translational impact: translation of local LATAM functional currency operating results to reporting currency in CAD.

For further details on the foreign currency rates used for the conversion of selected LATAM currencies to the CAD refer to Section 7- Selected Quarterly Information.

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3.1 Consolidated Statements of Income (Loss)

	Q2-24	Q2-23	Change		YTD-24	YTD-23	Change	
			\$	%			\$	%
Revenues	95,573	89,905	5,668	6%	182,177	172,502	9,675	6%
Cost of goods sold	48,236	52,412	4,176	8%	93,141	94,247	1,106	1%
Gross margin	47,337	37,493	9,844	26%	89,036	78,255	10,781	14%
<i>Gross margin (%)</i>	<i>50%</i>	<i>42%</i>			<i>49%</i>	<i>45%</i>		
Expenses								
Selling and marketing	13,264	12,874	(390)	3%	25,913	23,539	(2,374)	10%
General and administrative	12,099	9,119	(2,980)	33%	22,637	18,225	(4,412)	24%
Research and development	5,806	4,336	(1,470)	34%	10,786	8,523	(2,263)	27%
Amortization of intangible assets	11,674	11,274	(400)	4%	22,546	22,445	(101)	—%
Operating income (loss)	4,494	(110)	4,604	4185%	7,154	5,523	1,631	30%
Interest income on financial instruments measured at amortized cost	(1,960)	(2,015)	(55)	3%	(4,096)	(4,194)	(98)	2%
Other interest income	(624)	(1,072)	(448)	42%	(1,129)	(2,245)	(1,116)	50%
Interest expense	2,284	3,004	720	24%	4,861	5,795	934	16%
Other income	(42)	(310)	(268)	86%	(211)	(216)	(5)	2%
Net loss (gain) on financial assets measured at fair value through profit or loss	665	(3,939)	(4,604)	117%	16,932	7,908	(9,024)	114%
Foreign exchange loss	5,542	4,918	(624)	13%	3,608	4,845	1,237	26%
Gain on hyperinflation	(2,084)	(908)	1,176	130%	(6,380)	(1,636)	4,744	290%
Income (loss) before income taxes	713	212	501	236%	(6,431)	(4,734)	(1,697)	36%
Income tax								
Current	1,245	33	(1212)	3673%	2,914	2,139	(775)	36%
Deferred	1,410	(1,661)	(3,071)	185%	(2,857)	(4,776)	(1,919)	40%
Income tax expense (recovery)	2,655	(1,628)	(4,283)	263%	57	(2,637)	(2,694)	102%
Net income (loss) for the period	(1,942)	1,840	(3,782)	206%	(6,488)	(2,097)	(4,391)	209%
Basic and diluted net income (loss) per share	(0.02)	0.02	(0.04)	213%	(0.06)	(0.02)	(0.04)	200 %

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3.2 Select financial results excluding the impact of hyperinflation under IAS 29¹

	Q2-24	Q2-23	Change		YTD-24	YTD-23	Change	
			\$	%			\$	%
Revenues	94,121	90,400	3,721	4%	179,917	173,067	6,850	4%
Cost of goods sold	48,840	50,156	(1,316)	3%	93,940	91,437	2,503	3%
Gross margin	45,281	40,244	5,037	13%	85,977	81,630	4,347	5%
Gross margin (%)	48%	45%			48%	47%		
Expenses								
Selling and marketing	12,968	12,985	(17)	—%	25,461	23,698	1,763	7%
General and administrative	11,578	9,188	2,390	26%	21,790	18,075	3,715	21%
Research and development	5,577	4,623	954	21%	10,417	8,725	1,692	19%
Amortization of intangible assets	11,699	11,189	510	5%	22,545	22,314	231	1%
Operating income	3,459	2,259	1,200	53%	5,764	8,818	(3,054)	35%
EBITDA¹	15,641	14,269	1,372	10%	29,230	32,506	(3,276)	10%
Adjusted EBITDA	15,744	14,269	1,475	10%	29,333	32,506	(3,173)	10%
Adjusted EBITDA per share	0.16	0.13	0.03	23%	0.29	0.30	(0.01)	3%

¹ Revenues and financial results excluding the impact of IAS 29, EBITDA, Adjusted EBITDA and Adjusted EBITDA per share are non-GAAP measures. Refer to section - 15 Non-GAAP measures for additional details.

Revenues ¹	Therapeutic Area	Q2-24	Q2-23	Change		YTD-24	YTD-23	Change	
				\$	%			\$	%
	Oncology/Hematology	35,625	27,935	7,690	28%	66,467	57,075	9,392	16%
	Infectious Diseases	37,824	45,567	(7,743)	17%	75,888	76,416	(528)	1%
	Other Specialty	20,672	16,898	3,774	22%	37,562	39,576	(2,014)	5%
	Total	94,121	90,400	3,721	4%	179,917	173,067	6,850	4%

¹ Excluding the impact of hyperinflation under IAS 29

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For the quarter ended June 30, 2024, revenues increased by \$3,721 or 4% compared to the same period in prior year. For the six-month period ended June 30, 2024, revenues increased by \$6,850 or 4% compared to the same period in prior year.

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

Oncology/Hematology

Q2-24 vs Q2-23

- The oncology/hematology portfolio grew by \$7,690 due to the continued growth of key promoted products including Lenvima®, Akynzeo®, Trelstar® and the launch of Minjuvi® in Brazil.

YTD-24 vs YTD-23

- The oncology/hematology portfolio grew by \$12,900 due to the continued growth of key promoted products including Lenvima®, Akynzeo®, Trelstar® and the launch of Minjuvi® in Brazil. This growth was partially offset by a decline in revenues of approximately \$2,900 of our mature and branded generics products due to their lifecycle and the market entrance of new competitors.

Infectious Diseases

Q2-24 vs Q2-23

- The infectious diseases portfolio decreased by \$7,743 driven mainly by the timing of orders for Ambisome® under the MOH contract, a decrease in the demand of Impavido® partly offset by the growth of our key promoted products including Cresemba® and timing of orders for certain products. During Q2-24 the Company delivered \$8,900 of Ambisome® to MOH compared to \$18,000 in Q2-23.

YTD-24 vs YTD-23

- The infectious diseases portfolio decreased by \$528 due to the timing of orders for Ambisome® under the MOH contract, a decrease in demand of Impavido® offset by the growth of our key promoted products including Cresemba® and timing of orders for certain products. In YTD-24 the Company delivered \$18,100 of Ambisome® to MOH compared to \$20,400 in Q2-23.

MOH Contract

The Company signed a contract with the Ministry of Health of Brazil for Ambisome® in December 2022 ("2022 MOH Contract"). Knight delivered a total of \$34,600 under the 2022 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 Q1-24. In December 2023, Knight signed a new contract with the MOH ("2024 MOH Contract") and delivered \$6,800 in Q1-24 and \$8,900 in Q2-24. The total MOH sales Ambisome® delivered in Q2-24 and YTD-24 was \$8,900 and \$18,100, respectively.

Other Specialty

Q2-24 vs Q2-23

- The other specialty portfolio increased by \$3,774, primarily driven by the commercial transition of Exelon® from Novartis to Knight. As a result of advanced purchases by certain customers in Q1-23, the revenues of Exelon® were negatively impacted in Q2-23.

YTD-24 vs YTD-23

- The other specialty portfolio decreased by \$2,014, primarily driven by timing of sales of certain products, partially offset by the launch of Imvexxy® in Canada.

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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®, Minjuvi®, Imvexxy® 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 portfolio are as follows:

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

For the quarter ended June 30, 2024, excluding the impact of IAS 29, the Company generated \$81,158 or 86% of total revenues from its innovative portfolio and \$12,963 or 14% of total revenues from its BGx portfolio.

For the six-month period ended June 30, 2024, excluding the impact of IAS 29, the Company generated \$156,037 or 87% of total revenues from its innovative portfolio and \$23,880 or 13% of total revenues from its BGx portfolio.

Product Portfolio			Change				Change	
Innovative	Q2-24	Q2-23	\$	%	YTD-24	YTD-23	\$	%
Promoted	72,560	65,435	7,125	11%	134,909	120,619	14,290	12%
Mature	8,598	12,332	(3,734)	30%	21,030	24,970	(3,940)	16%
Total excluding discontinued	81,158	77,767	3,391	4%	155,939	145,589	10,350	7%
Discontinued	—	15	(15)	100%	98	523	(425)	81%
Total	81,158	77,782	3,376	4%	156,037	146,112	9,925	7%
BGx								
New Launches	1,391	1,538	(147)	10%	2,623	2,447	176	7%
Mature	11,462	10,851	611	6%	20,951	23,638	(2,687)	11%
Total excluding discontinued	12,853	12,389	464	4%	23,574	26,085	(2,511)	10%
Discontinued	110	229	(119)	52%	306	870	(564)	65%
Total	12,963	12,618	345	3%	23,880	26,955	(3,075)	11%
Total Revenues	94,121	90,400	3,721	4%	179,917	173,067	6,850	4%

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Product Portfolio	Change		Q2-24 vs Q2-23
	\$	%	
Innovative - Promoted	7,125	11%	- An increase of \$9,648 or 47% from continued growth of key promoted products including Lenvima®, Trelstar®, Akynzeo®, Cresemba® as well as the contribution from the launches of Imvexxy® and Bijuva® in Canada and Minjuvi® in Brazil. - An increase in the revenues of \$3,900 due to the commercial transition of Exelon® from Novartis to Knight as a result of advanced purchases by certain customers in Q1-23. The revenues of Exelon® were negatively impacted in Q2-23. - Partly offset by the timing of orders for certain products.
Innovative - Mature	(3,734)	30%	A decrease in demand of Impavido®.
Innovative - Discontinued	(15)	100%	No significant variance.
Total Innovative	3,376	4%	
BGx - New Launches	(147)	10%	No significant variance.
BGx - Mature	611	6%	No significant variance.
BGx - Discontinued	(119)	52%	No significant variance.
Total BGx	345	3%	

Product Portfolio	Change		YTD-24 vs YTD-23
	\$	%	
Innovative - Promoted	14,290	12%	- An increase of \$15,740 or 24% due to the continued growth of key promoted products including Lenvima®, Trelstar®, Akynzeo®, Cresemba® as well as the contribution from the launches of Imvexxy® and Bijuva® in Canada and Minjuvi® in Brazil. - Partly offset by the timing of orders for certain products including Ambisome®.
Innovative - Mature	(3,940)	16%	A decrease in demand of Impavido®.
Innovative - Discontinued	(425)	81%	No significant variance.
Total Innovative	9,925	7%	
BGx - New Launches	176	7%	No significant variance.
BGx - Mature	(2,687)	11%	The lifecycle of products including entrance of new competitors.
BGx - Discontinued	(564)	65%	No significant variance.
Total BGx	(3,075)	11%	

Gross margin¹

Q2-24 vs Q2-23

- Gross margin as a percentage of revenues was 48% in Q2-24 compared to 45% in Q2-23. The increase in the gross margin, as a percentage of revenues, was due to product mix including a lower proportion of Ambisome® sales to MOH.

YTD-24 vs YTD-23

- Gross margin as a percentage of revenues was 48% in YTD-24 compared to 47% in YTD-23. The increase in the gross margin as a percentage of revenues was due to product mix.

Selling and marketing¹

Q2-24 vs Q2-23

- For the quarter ended June 30, 2024, selling and marketing decreased by \$17. There was no significant variance.

¹ Excluding the impact of hyperinflation under IAS 29. For figures under IFRS refer to Section 3.1 - Interim Consolidated Statements of Income (loss).

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Selling and marketing¹	YTD-24 vs YTD-23 For the six-month period ended June 30, selling and marketing increased by \$1,763 or 7%. The increase was mainly due to the marketing spend for the launches of Imvexxy® and Bijuva® in Canada as well as Minjuvi® in Brazil.
General and administrative¹	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, general and administrative increased by \$2,390 or 26%. The increase was mainly driven by an increase in structure and compensation expenses. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, general and administrative increased by \$3,715 or 21%. The increase was mainly driven by an increase in structure and compensation expenses.
Research and development expenses¹	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, research and development expenses increased by \$954 or 21%. The increase was driven by an increase in product development activities in connection with our pipeline products. Knight invested \$815 in Q2-24, an increase of \$795 versus the prior year on its pipeline development activities. All costs related to development activities have been expensed which typically include regulatory submissions, analytical method transfers, stability studies and bioequivalence studies. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, research and development increased by \$1,692 or 19%. The increase was driven by an increase in product development activities in connection with our pipeline products and medical initiatives related to key promoted products. Knight invested \$1,385 in Q2-24, an increase of \$1,325 versus the prior year on its pipeline development activities. All costs related to development activities have been expensed which typically include regulatory submissions, analytical method transfers, stability studies and bioequivalence studies.
Adjusted EBITDA²	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, adjusted EBITDA increased by \$1,475 or 10%. The increase was driven by a higher gross margin partly offset by higher general and administrative expenses, mainly related to structure and compensation increase and an increase in research and development expenses mainly due to an increase in our product development activities behind our pipeline products. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, adjusted EBITDA decreased by \$3,173 or 10%. The decrease was driven by higher general and administrative expenses mainly related to structure and compensation increase, higher marketing expenses driven by the marketing spend for the launches of Imvexxy®, Bijuva® as well as Minjuvi® and an increase in research and development expenses mainly due to an increase in our product development activities behind our pipeline and medical initiatives related to key promoted products partly offset by higher gross margin.
Amortization of intangible assets¹	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, amortization of intangible assets increased by \$510 or 5%. There was no significant variance. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, amortization of intangible assets increased by \$231. There was no significant variance.

¹ Excluding the impact of hyperinflation under IAS 29. For figures under IFRS refer to Section 3.1 - Interim Consolidated Statements of Income (loss).

² Adjusted EBITDA is a non-GAAP measures. Refer to Section 15 - Non-GAAP measures for additional details.

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Interest income¹	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, interest income decreased by \$503 or 16%, mainly driven by a decrease in the outstanding balance of strategic loans due to the repayment of the M8 loan in December 2023. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, interest income decreased by \$1,214 or 19%, mainly driven by a decrease in the outstanding balance of strategic loans due to the repayment of the M8 loan in December 2023.
Interest expense	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, interest expense decreased by \$720 or 24%. The decrease was due to a lower average loan balance driven by principal repayments. - The interest expense includes the interest expense on bank loans of \$2,093 (Q2-23: \$2,756) and interest expense on lease liabilities of \$191 (Q2-23: \$248). YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, interest expense decreased by \$934 or 16%. The decrease was due to a lower average loan balance driven by principal repayments. - The interest expense includes the interest expense on bank loans of \$4,466 (Q2-23: \$5,349) and interest expense on lease liabilities of \$395 (Q2-23: \$446).
Other income	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, other income decreased by \$268 or 86%. There was no significant variance. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, other income increased by \$5 or 2%. There was no significant variance.
Net gain or loss on financial assets measured at fair value through profit or loss	Q2-24 vs Q2-23 - Net loss on financial assets measured at fair value through profit and loss was \$665 in Q2-24, mainly driven by unrealized losses on the valuation of certain private investments of our strategic fund investments. - Net gain on financial assets measured at fair value through profit and loss was \$3,939 in Q2-23, mainly driven by positive mark-to-market adjustments as a result of the increase in the share prices of the publicly-traded equities held by our strategic fund investments. YTD-24 vs YTD-23 - Net loss on financial assets measured at fair value through profit and loss was \$16,932 in YTD-24, mainly driven unrealized losses on the valuation of certain private investments of our strategic fund investments. - Net loss on financial assets measured at fair value through profit and loss was \$7,908 in YTD-23, mainly driven by positive mark-to-market adjustments as a result of the increase in the share prices of the publicly-traded equities held by our strategic fund investments.
Foreign exchange loss	Q2-24 vs Q2-23 - The foreign exchange loss in Q2-24 was mainly driven by unrealized losses on intercompany balances due to the depreciation of the BRL and COP vs USD. - The foreign exchange loss in Q2-23 was mainly driven by the appreciation of CAD vs USD and EURO. YTD-24 vs YTD-23 - The foreign exchange loss in YTD-24 was mainly driven by unrealized losses on intercompany balances due to the depreciation of the BRL and COP vs USD. - The foreign exchange loss in YTD-23 was mainly driven by the appreciation of CAD vs USD and EURO.

¹ Includes Interest income on financial instruments measured at amortized cost and Other interest income primarily from interest earned on loans.

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Gain on hyperinflation	• Relates to gain on net monetary position (monetary assets less monetary liabilities) under hyperinflation accounting. Refer to Hyperinflation section above for further details. • Refer to Note 2.3 - <i>Summary of significant accounting policies</i> in the Annual Financial Statements for further details on hyperinflation accounting.
Income tax expense (recovery)	Q2-24 vs Q2-23 • The income tax expense in Q2-24 was driven by the current tax expense due to our operating income as well as deferred taxes due to timing differences on certain intercompany transactions. • The income tax recovery in Q2-23 was driven by the recognition of certain deferred tax assets due to tax losses generated in certain jurisdictions and timing differences related to our financial assets and certain intercompany transactions. YTD-24 vs YTD-23 • The income tax expense in YTD-24 was driven by the current income tax expense due to our operating income partly offset by the recognition of deferred taxes assets in connection with tax losses generated in certain jurisdictions and timing differences related to our financial assets and intangible assets. • The income tax recovery in YTD-23 was driven by the recognition of certain deferred tax assets due to tax losses generated in certain jurisdictions and timing differences related to our financial assets and certain intercompany transactions.

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FINANCIAL CONDITION**Section 4 – Consolidated Balance Sheets****4.1 Hyperinflation**

Under IAS 29, all non-monetary assets and liabilities are restated in ARS by applying the inflation index from the beginning of the reporting period to the end of the reporting period. Those assets and liabilities are then translated from ARS to CAD by applying the exchange rate at the end of the reporting period. The inflation index from January 1, 2024 to June 30, 2024 was 80%, while the ARS to CAD depreciated by 9%. Consequently, non-monetary assets and liabilities held in Argentina increased in value when converted to CAD under IFRS ("YTD-24 Hyperinflation Impact").

4.2 Impact of foreign exchange volatility

Assets and liabilities on the balance sheet are converted from foreign currency to CAD using the quarter-end closing rates at the end of each reporting period. For further details on the foreign currency rates used for the conversion of selected LATAM currencies to the CAD refer to Section 7- Selected Quarterly Information.

4.3 Balance Sheet

As at	June 30, 2024	December 31, 2023	Change	
			\$	%
ASSETS				
Current				
Cash and cash equivalents	60,807	58,761	2,046	3%
Marketable securities	88,028	95,657	(7,629)	8%
Trade receivables	84,976	88,722	(3,746)	4%
Other receivables	5,835	7,427	(1,592)	21%
Inventories	103,645	91,834	11,811	13%
Prepays and deposits	4,601	4,881	(280)	6%
Other current financial assets	8,631	15,753	(7,122)	45%
Income taxes receivable	4,087	2,080	2,007	96%
Total current assets	360,610	365,115	(4,505)	1%
Marketable securities	3,833	7,407	(3,574)	48%
Prepays and deposits	7,283	7,767	(484)	6%
Right-of-use assets	6,673	6,190	483	8%
Property, plant and equipment	14,814	11,669	3,145	27%
Intangible assets	295,548	289,960	5,588	2%
Goodwill	84,604	79,844	4,760	6%
Other financial assets	107,097	112,616	(5,519)	5%
Deferred income tax assets	20,510	19,390	1,120	6%
Other long-term receivables	44,392	45,535	(1,143)	3%
Total non-current assets	584,754	580,378	4,376	1%
Total assets	945,364	945,493	(129)	—%

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As at	June 30, 2024	December 31, 2023	Change	
			\$	%
LIABILITIES AND EQUITY				
Current				
Accounts payable and accrued liabilities	77,808	85,366	(7,558)	9%
Lease liabilities	2,569	1,728	841	49%
Other liabilities	1,801	1,046	755	72%
Bank loans	16,988	17,850	(862)	5%
Income taxes payable	918	1,182	(264)	22%
Other balances payable	5,745	6,857	(1,112)	16%
Total current liabilities	105,829	114,029	(8,200)	7%
Accounts payable and accrued liabilities	7,013	5,251	1,762	34%
Lease liabilities	4,587	5,497	(910)	17%
Bank loans	33,964	44,016	(10,052)	23%
Other balances payable	26,222	27,012	(790)	3%
Deferred income tax liabilities	4,948	2,817	2,131	76%
Total liabilities	182,563	198,622	(16,059)	8%
Shareholders' Equity				
Share capital	540,945	540,046	899	—%
Warrants	117	117	—	—%
Contributed surplus	25,662	25,991	(329)	1%
Accumulated other comprehensive income	51,820	29,829	21,991	74%
Retained earnings	144,257	150,888	(6,631)	4%
Total shareholders' equity	762,801	746,871	15,930	2%
Total liabilities and shareholders' equity	945,364	945,493	(129)	—%

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	Q2-24 vs Q4-23
Cash and cash equivalents and marketable securities	Refer to Section 5 - 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)	In 2024, the Company amended the terms of its loan with Synergy and re-classified \$2,078 from other receivables to loans and other receivables. ("Synergy Reclassification"). Excluding the Synergy Reclassification, other receivables increased by \$486 mainly driven by an increase in interest receivable on marketable securities.
Inventories	The increase was mainly due to the YTD-24 Hyperinflation Impact. Excluding this impact, inventories increased by \$1,463 or 2% driven by the timing of sales and purchases of inventory.
Prepays and deposits (current and long term)	There was no significant variance.
Other financial assets (current and long term)	The decrease is explained mainly by the following: Funds: decreased by \$15,364 driven mainly by unrealized losses on the valuation of certain private investments of our strategic funds. Refer to Section 10 - <i>Strategic lending and investments</i> for further information. Equity investments and Derivatives: decreased by \$1,619 mainly driven by the decline in share prices of publicly-traded equity investments. Refer to Section 10 - <i>Strategic lending and investments</i> for further information. Loans and other receivables: increased by \$4,342 mainly driven by trade & other receivables capitalization into loan outstanding balance by \$3,053, changes in fair value of \$699 and foreign exchange gain of \$590.
Income taxes receivable	The increase was mainly due to the timing of income tax installments.
Right-of-use assets	There was no significant variance
Property, plant and equipment	The increase was mainly due to the YTD-24 Hyperinflation Impact.
Intangible assets	The increase was mainly due upfront and milestone payments in connection with certain product licensing agreements including IPX203 and Jornay PM™, the appreciation of select LATAM currencies partly offset by amortization.
Goodwill	The increase was mainly due to the YTD-24 Hyperinflation Impact.
Deferred income tax assets	The increase is mainly due to the recognition of the benefit of tax losses in certain jurisdictions and timing differences related to our financial assets and intangible assets.
Other receivables (long-term)	There was no significant variance.

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Q2-24 vs Q4-23	
Accounts payable and accrued liabilities (current and long term)	As at December 31, 2023, the accounts payable and accrued liabilities included \$6,476 of payables related to sales milestones on certain products and the acquisition of property, plant and equipment ("Capital Expenditure Payables"). Excluding the Capital Expenditure Payables the accounts payable and accrued liabilities increased by \$680 or 1% compared to December 31, 2023.
Lease liabilities (current and long term)	There was no significant variance.
Other liabilities	There was no significant variance.
Bank loans (current and long term)	The decrease was due to principal repayments of bank loans as well as the depreciation of the BRL and the COP.
Income taxes payable	There was no significant variance.
Other balances payable (current and long term)	The decrease was mainly due to settlement of milestones in accordance with in-license agreements.
Deferred income tax liabilities	The increase is mainly due to the YTD-24 Hyperinflation Impact.
Share capital	- The increase was due to the issuance of common shares under the stock-based compensation plans and ESPP, partly offset by the purchase of common shares through the NCIB. - Refer to the statement of changes in equity in the Interim Financial Statements for further information.
Contributed surplus	Refer to the statement of changes in equity in the Interim Financial Statements for further information.
Accumulated other comprehensive loss	Refer to the consolidated statement of changes in equity in the Interim Financial Statements for further information.
Retained earnings	Refer to the consolidated statement of changes in equity in the Interim Financial Statements for further information.

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Section 5 – Liquidity, Capital Resources and Cash flows

The Company's Investment Policy governs the investment activities relating to cash resources. An Investment Committee composed of representatives from management and the Board of Directors monitors compliance with said policy. The Company invests in strategic investments in the form of equity funds, debt funds, equity or liquid investment securities with varying terms to maturity, selected with regard to the expected timing of investments and expenditures for continuing operations and prevailing interest rates.

The Company believes that its existing cash, cash equivalents and marketable securities as well as cash generated from operations are sufficient to finance its current operations, working capital requirements and future product and corporate acquisitions.

The table below sets forth a summary of cash flow activity and should be read in conjunction with our consolidated statements of cash flows.

			Change				Change	
	Q2-24	Q2-23	\$	%	YTD-24	YTD-23	\$	%
Net cash inflow (outflow) from operating activities	(1,086)	(1,486)	400	27%	29,795	2,830	26,965	953%
Net cash inflow (outflow) from investing activities	11,753	4,200	7,553	180%	(12,613)	(4,514)	(8,099)	179%
Net cash outflow from financing activities	(11,362)	(22,095)	10,733	49%	(14,259)	(33,967)	19,708	58%
Increase (decrease) in cash and cash equivalents, during the period	(695)	(19,381)	18,686	96%	2,923	(35,651)	38,574	108%
Net foreign exchange difference	(1,333)	1,007	(2,340)	232%	(877)	1,816	(2,693)	148%
Cash and cash equivalents, beginning of the period	62,835	56,218	6,617	12%	58,761	71,679	(12,918)	18%
Cash and cash equivalents, end of the period	60,807	37,844	22,963	61%	60,807	37,844	22,963	61%
Marketable securities, end of the period	91,861	103,779	(11,918)	11%	91,861	103,779	(11,918)	11%
Cash and cash equivalents, and marketable securities, end of the period	152,668	141,623	11,045	8%	152,668	141,623	11,045	8%
Cash and cash equivalents, net of bank loans	9,855	(34,617)	44,472	128%	9,855	(34,617)	44,472	128%

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	Q2-24	YTD-24
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 June 30, 2024, cash outflow from operations was \$1,086, driven by the operating results adjusted for non-cash items such as depreciation, amortization and an increase in working capital of \$11,932. The increase was mainly due to: • a decrease of \$8,697 in accounts payable mainly related to inventory purchases of our key promoted products, as well as the settlement of certain accruals such as bonus • an increase of \$5,655 in inventories excluding the YTD-24 Hyperinflation Impact driven by the timing of sales and purchases of inventory • a decrease of \$2,796 in account receivables and other receivables mainly due to the timing of collections from customers Refer to Note 10 - Statement of Cash Flows of the Interim Condensed Consolidated Financial Statements for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of \$3,001 related to interest received upon maturity of marketable securities.	For the six-month period ended June 30, 2024, cash inflow from operations was \$29,795, driven by the operating results adjusted for noncash items such as depreciation, amortization and a decrease in working capital of \$3,576. The decrease in the working capital was mainly due to: • an increase of \$680 in accounts payable and accrued liabilities after excluding Capital Expenditure Payables • an increase of \$1,463 in inventories excluding the YTD-24 Hyperinflation Impact driven by the timing of sales and purchases of inventory • a decrease of \$5,604 in accounts receivable and other receivables mainly due to the timing of collections from customers Refer to Note 10 - Statement of Cash Flows of the Interim Condensed Consolidated Financial Statements for further details on the changes in the working capital. Furthermore, the net cash from operating activities included an inflow of \$4,394 related to interest received upon maturity of marketable securities.
Net cash from investing activities	For the three-month period ended June 30, 2024, cash flows were mainly driven by: • net proceeds from marketable securities of \$28,049; • acquisition of intangibles of \$16,735 primarily for payments under certain license agreements.	For the six-month period ended June 30, 2024, cash flows were mainly driven by: • net proceeds from marketable securities of \$14,068; • acquisition of intangibles of \$26,817 primarily for upfront and milestone payments in connection with certain licensing agreements including Qelbree™, IPX203, Jornay PM™, Cresemba® and certain other products.
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 and stock option plans.	

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	Q2-23	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, other income, deferred other income, and net changes in non-cash balances relating to operations. For the three-month period ended June 30, 2023, cash outflow from operations was \$1,486. The net income for the quarter plus adjustments of non-cash items such as depreciation, amortization and impairment of \$9,657 which is offset by an increase in working capital of \$11,143. The increase in the working capital is mainly due to the settlement of accounts payable mainly related to inventory purchases of our key promoted products, settlement of certain accruals such as bonuses and the transition and termination agreement with Gilead for a portfolio of HIV and HCV products ("Gilead Amendment"). Furthermore, the net cash from operating activities included an inflow of \$2,230 related to interest received upon maturity of marketable securities.	For the six-month period ended June 30, 2023, cash inflow from operations was \$2,830 driven by the operating results adjusted for non-cash items such as depreciation and amortization offset by an increase in working capital of \$26,068. The increase in the working capital is mainly due to increase in inventory related to our key promoted products including Exelon® and Akynzeo®, the increase in accounts receivable as a result of the increase in our revenues, settlement of accounts payable mainly related to inventory purchases of our key promoted products and the Gilead Amendment. Furthermore, the net cash from operating activities included an inflow of \$5,353 related to interest received upon maturity of marketable securities.
Net cash from investing activities	For the three-month period ended June 30, 2023, cash flows were mainly driven by: • net purchase of marketable securities of \$1,134; and • cash inflow from the principal repayment of \$5,357 from Moksha8.	For the six-month period ended June 30, 2023, cash flows were mainly driven by: • net purchase of marketable securities of \$4,382; • acquisition of intangibles of \$7,667 mainly due to sales and regulatory milestones on certain products including the in-licensing of Akynzeo® and Aloxi® from Helsinn; and • proceeds from disposal of investments in Medimetrix of \$2,347; and • cash inflow from the principal repayment of \$5,357 from Moskha8.
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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Section 6 – Segment Reporting

The Company had 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 that the chief operating decision-maker evaluates the business.

Geographic Information

The following table represents the revenues excluding IAS 29 per country, based on where the customer is located.

Revenue	Three months ended June 30,				Six months ended June 30,			
	2024	2023	Change		2024	2023	Change	
			\$	%			\$	%
Brazil	46,570	49,517	(2,947)	6%	92,228	91,341	887	1%
Colombia	15,559	10,578	4,981	32%	26,249	19,658	6,591	25%
Argentina	9,809	9,361	448	5%	18,530	19,092	(562)	3%
Rest of LATAM	15,340	11,028	4,312	28%	28,102	25,768	2,334	8%
Canada	5,835	5,133	702	12%	10,581	8,835	1,746	17%
Other ¹	1,008	4,783	(3,775)	375%	4,227	8,373	(4,146)	98%
Total	94,121	90,400	3,721	4%	179,917	173,067	6,850	4%

¹ Includes Europe, US and other countries.

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Brazil	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, revenues decreased by \$2,947 or 6%, mainly due to the timing of orders for Ambisome® under the MOH contract offset by the growth of our key promoted products including Lenvima® and Cresemba®, the launch of Minjuvi® as well as timing of orders on certain products. During Q2-24 the Company delivered \$8,900 of Ambisome® to MOH compared to \$18,000 in Q2-23. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, revenues increased by \$887, mainly due to the growth of our key promoted products including Lenvima® and Cresemba® as well as the launch of Minjuvi® partially offset by the timing of orders for Ambisome® under the MOH contract. On a YTD basis in Q2-24 the Company delivered \$18,100 to MOH compared to \$20,400 in Q2-23.
Colombia	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, revenues increased by \$4,981 or 32%, mainly driven by the growth of key promoted products including Lenvima® and Cresemba®. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, revenues increased by \$6,591 or 25%, mainly driven by the growth of key promoted products including Lenvima® and Cresemba®.
Argentina	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, revenues increased by \$448 or 5%, mainly driven by the growth of key promoted products including Cresemba®, partially offset by a decrease in our mature products. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, revenues decreased by \$562 or 3%, mainly driven by the growth of key promoted products including Cresemba®, partially offset by a decrease in our mature products.
Rest of LATAM	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, revenues increased by 4,312 or 28%, due to the transition of commercial operations from Novartis to Knight in Mexico. As a result of advanced purchases by certain customers in Q1-23, the revenues of Exelon® were negatively impacted in Q2-23. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, revenues increased by 2,334 or 8%, mainly driven by the growth of key promoted products including Cresemba®, Lenvima® as well as timing of sales for certain products.
Canada	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, revenues increased by \$702 or 12%, mainly driven by the growth of key promoted products including Akynzeo®, Trelstar®, as well as Imvexxy® and Bijuva® launched in Q1-24. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, revenues increased by \$1,746 or 17%, mainly driven by the growth of key promoted products including Akynzeo®, Trelstar®, as well as Imvexxy® and Bijuva® launched in Q1-24.
Other countries	Q2-24 vs Q2-23 - For the quarter ended June 30, 2024, revenues decreased by \$3,775 or 375%, due to a decrease in the demand of Impavido®. YTD-24 vs YTD-23 - For the six-month period ended June 30, 2024, revenues decreased by \$4,146 or 98%, due to a decrease in the demand of Impavido®.

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As at June 30, 2024 and December 31, 2023, 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	June 30, 2024 \$	December 31, 2023 \$
Canada	72,944	74,401
Brazil	50,545	57,351
Argentina	33,649	26,544
Colombia	14,424	15,632
Uruguay	191,420	181,308
Luxembourg	37,392	38,635
Rest of LATAM	45,657	39,327
Total	446,031	433,198

Section 7 – Selected Quarterly Information

Summary Financial information

	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
Revenues	95,573	86,604	74,197	81,500	89,905	82,597	81,655	72,281
Gross margin ¹ %	48%	47%	48%	52%	45%	50%	50%	49%
Net (loss) income	(1,942)	(4,546)	(24,326)	9,588	1,840	(3,937)	(15,188)	1,591
Adjusted EBITDA	15,744	13,589	12,057	15,512	14,269	18,237	13,821	9,009
Adjusted EBITDA %	17%	16%	16%	19%	16%	22%	17%	12%
Adjusted EBITDA per share	0.16	0.13	0.15	0.15	0.13	0.17	0.12	0.08
EPS - Basic and diluted	(0.02)	(0.04)	(0.23)	0.09	0.02	(0.04)	(0.13)	0.01
Common shares outstanding (in thousands)	101,327	101,187	101,170	105,045	107,177	110,082	112,206	113,958
Cash, cash equivalents and marketable securities	152,668	181,859	161,825	153,815	141,623	160,469	172,674	145,142
Total assets	945,364	968,205	945,493	1,011,149	1,013,743	1,044,774	1,054,836	1,035,343
Total non-current liabilities	76,734	89,831	84,593	81,407	84,549	90,453	87,658	41,295

¹ Gross margin excluding the impact of hyperinflation under IAS 29

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Foreign Currency Exchange Rates

The table below summarizes the average foreign exchange rates used for the conversion of the statement of income (loss) for selected currencies:

Rates	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
BRL	3.81	3.67	3.64	3.64	3.69	3.84	3.87	4.02
ARS	647	619	304	229	172	142	119	104
COP	2,876	2,910	2,992	3,019	3,298	3,525	3,550	3,363
CLP	683	703	659	635	596	600	674	712
USD	0.73	0.74	0.73	0.75	0.74	0.74	0.74	0.77

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

Variance (%)	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
BRL	(4%)	(1%)	—%	1%	4%	1%	4%	(4%)
ARS	(5%)	(103%)	(33%)	(33%)	(21%)	(19%)	(15%)	(12%)
COP	1%	3%	1%	8%	6%	1%	(6%)	(9%)
CLP	3%	(7%)	(4%)	(6%)	1%	11%	5%	(8%)
USD	1%	(1%)	2%	—%	(1%)	—%	4%	2%

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	Q2-24	Q1-24	Q4-23	Q3-23
BRL	4.07	3.69	3.67	3.71
ARS	666	633	610	258
COP	3,042	2,863	2,933	3,006
CLP	693	724	664	657
USD	0.73	0.74	0.76	0.74

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

Variance (%)	Q2-24	Q1-24	Q4-23	Q3-23
BRL	(10%)	(1%)	1%	(2%)
ARS	(5%)	(4%)	(137%)	(33%)
COP	(6%)	2%	2%	5%
CLP	4%	(9%)	(1%)	(8%)
USD	1%	2%	(2%)	2%

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Section 8 - Financial results at constant currency¹

	Constant Currency		Change		Constant Currency		Change	
	Q2-24	Q2-23	\$	%	YTD-24	YTD-23	\$	%
Revenues	94,121	90,512	3,609	4%	179,917	176,659	3,258	2%
Cost of goods sold	48,840	49,932	1,092	2%	93,940	92,890	(1,050)	1%
Gross margin	45,281	40,580	4,701	12%	85,977	83,769	2,208	3%
Gross margin (%)	48%	45%			48%	47%		
Expenses								
Selling and marketing	12,968	12,932	(36)	—%	25,461	23,903	(1,558)	7%
General and administrative	11,578	9,489	(2,089)	22%	21,790	18,576	(3,214)	17%
Research and development	5,577	4,643	(934)	20%	10,417	8,821	(1,596)	18%
Amortization of intangible assets	11,699	11,422	(277)	2%	22,545	22,442	(103)	—%
Operating income	3,459	2,094	1,365	65%	5,764	10,027	(4,263)	43%
EBITDA	15,641	14,227	1,414	10%	29,230	33,915	(4,685)	14%
Adjusted EBITDA	15,744	14,227	1,517	11%	29,333	33,915	(4,582)	14%

¹ Financial results at constant currency is a non-GAAP measures. Refer to section - 15 Non-GAAP measures and Reconciliation to adjusted EBITDA for additional details.

Revenues at constant currency by Therapeutic Area

	Change				Change			
Revenues	Q2-24	Q2-23	\$	%	YTD-24	YTD-23	\$	%
Oncology/Hematology	35,624	28,329	7,295	26%	66,467	58,887	7,580	13%
Infectious Diseases	37,825	45,361	(7,536)	17%	75,888	77,429	(1,541)	2%
Other Specialty	20,672	16,822	3,850	23%	37,562	40,343	(2,781)	7%
Total	94,121	90,512	3,609	4%	179,917	176,659	3,258	2%

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Revenues by country at constant currency

The following table represents the revenues excluding IAS 29 compared to constant currency per country, based on where the customer is located.

Revenue	Three months ended June 30,				Six months ended June 30,			
	Excluding impact of IAS 29 ³							
	Constant Currency ¹	Change			Constant Currency ¹	Change		
	2024	2023	\$	%	2024	2023	\$	%
Brazil	46,570	48,620	(2,050)	4%	92,228	91,958	270	—%
Colombia	15,559	12,129	3,430	22%	26,249	22,738	3,511	13%
Argentina	9,809	9,361	448	5%	18,530	19,092	(562)	3%
Rest of LATAM	15,340	10,401	4,939	32%	28,102	24,280	3,822	14%
Canada	5,835	5,133	702	12%	10,581	8,835	1,746	17%
Other ²	1,008	4,868	(3,860)	383%	4,227	9,756	(5,529)	131%
Total	94,121	90,512	3,609	4%	179,917	176,659	3,258	2%

¹ Revenues at constant currency is a non-GAAP measure. Refer to Section 15 - Non-GAAP measures for additional details.

² Includes Europe, US and other countries.

PRODUCT ACQUISITION STRATEGY

Section 9 – 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 pharmaceutical products from global 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

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 neurology. 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.

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The following are examples of the execution of this strategy related to products added to Knight's portfolio through 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	Tavalisse® (fostamatinib)	LATAM
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
Q2-24	Jornay PM™ (methylphenidate 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 (Neurology)	Select LATAM territories
Q4-21	H401 (Oncology / Hematology)	Select LATAM territories
Q2-22	C402/403 (Neurology)	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}	TERRITORY ³					PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	
Oncology/Hematology							
Minjuvi®	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)	N/A ⁴	Q1-24	Submitted	Submitted	Submitted	Incyte
Pemazyre®	Metastatic cholangiocarcinoma	N/A ⁴	Submitted	Submitted	Submitted	Submitted	Incyte
Akynzeo®	Prevention of chemotherapy-induced acute and delayed nausea and vomiting	Q4-22	Q3-22	Q3-22	N/A ⁴	N/A ⁴	Helsinn
Aloxi®	Prevention of acute nausea and vomiting associated with moderately and highly emetogenic cancer chemotherapy	Q4-22	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴	Helsinn
Tavalisse® (fostamatinib)	Treatment of chronic immune thrombocytopenia	N/A ⁴	Submitted	Pre-registration	Submitted	Submitted	Rigel
Trelstar®	Advanced prostate cancer	Q2-20	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴	Debiopharm
Vidaza®	Myelodysplastic syndrome	N/A ⁴	Q2-10	N/A ⁴	N/A ⁴	N/A ⁴	BMS
Abraxane®	Metastatic pancreatic cancer	N/A ⁴	Q4-17	N/A ⁴	N/A ⁴	N/A ⁴	BMS
Halaven®	Metastatic breast cancer and soft tissue sarcoma	N/A ⁴	Q4-17	Q4-19	Q2-22	N/A ⁴	Eisai
Lenvima®	Differentiated thyroid cancer and unresectable hepatocellular carcinoma	N/A ⁴	Q4-17		Q1-22	N/A ⁴	Eisai
Lenvima®	Advanced renal cell cancer	N/A ⁴	Q4-17			N/A ⁴	Eisai
BGx							
Ladevina®	Multiple myeloma; myelodysplastic syndrome			2011	Q3-19		Own
Ladevina®	Mantle Cell Lymphoma; follicular lymphoma			2011			Own
Zyvalix®	Metastatic prostate cancer			2014	Q2-18		Own
Karfib®	Relapsed or refractory multiple myeloma			Q4-19	Approved		Own
Leprid®	Palliative treatment of advanced prostate cancer			2007			Own
Rembre®	Chronic myeloid leukemia			2013	Q1-22		Own
Palbocil®, Bapocil®	Breast cancer			Q1-23	Submitted		Own
Xetrane®	Multiple myeloma			Q2-19	Submitted		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 The products listed as "Approved" have been approved by regulatory authorities but not yet commercially launched.

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 Knight does not have the commercial rights in these territories.

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PRODUCT	INDICATION	TERRITORY					PARTNER
		Canada	Brazil	Argentina	Colombia	Mexico	
Infectious Diseases							
Ambisome®	Invasive fungal infection	N/A ⁴	1997	N/A ⁴	N/A ⁴	N/A ⁴	Gilead
Cresemba®	Invasive fungal infection	N/A ⁴	Q2-20	Q3-19	Q3-19	Q2-19	Basilea
Impavido®	Leishmaniasis						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	Own
Ibsrela®	IBS-C	Q1-21	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴	Ardelyx
Salofalk®	Ulcerative colitis	N/A ⁴	N/A ⁴	2007	Pre-2019	N/A ⁴	Dr. Falk
Ursofalk®	Primary biliary cirrhosis	N/A ⁴	N/A ⁴	2007	Pre-2019	N/A ⁴	Dr. Falk
Imvexxy®	Moderate-to-severe dyspareunia	Q1-24	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴	TXMD
Bijuva®	Moderate-to-severe vasomotor symptoms due to menopause	Q1-24	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴	TXMD
BGx							
Fibridoner®	Idiopathic pulmonary fibrosis			2017			Own

2024 Product Updates

Expansion of Product Pipeline	
Q1-24	In-licensed IPX203 (carbidopa and levodopa extended-release capsules) for Canada and Latin America.
Q2-24	Entered into an exclusive supply and distribution agreement for Jornay PM™ (methylphenidate HCl extended-release capsules) for Canada and Latin America.
Regulatory Submission	
Q1-24	Submitted fostamatinib for ANVISA approval in Brazil.
Regulatory Approval	
Q1-24	Obtained regulatory approval for Karfib® (carfilzomib) in Colombia.
Product Launches	
Q1-24	- Launched Minjuvi® (tafasitamab) in Brazil. - Launched Imvexxy® (estradiol vaginal inserts) and Bijuva® (estradiol and progesterone) in Canada.

IQVIA sales in Canada	Q2-24	Q2-23	Change		YTD-24	YTD-23	Change	
			\$	%			\$	%
Akynzeo®	2,659	1,934	725	37%	5,033	3,690	1,343	36%
Trelstar®	2,211	1,852	359	19%	4,168	3,376	792	23%
Ibsrela®	383	279	104	37%	729	524	205	39%
Imvexxy®	487	N/A	N/A	N/A	613	N/A	N/A	N/A
Total	5,740	4,065	1,675	41%	10,543	7,590	2,953	39%

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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.

Pipeline and products in early launch stage

The Company expects that its pipeline and products in early launch stage could achieve total revenues over \$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	Territory					Expected Launch Year
		Canada	Brazil	Argentina	Colombia	Mexico	
Oncology/Hematology							
Minjuvi® (tafasitamab)	Relapsed or refractory diffuse large B-cell lymphoma (DLBCL)	N/A ²	Q1-24	Submitted	Submitted	Submitted	2024 -2026
Pemigatinib	Metastatic cholangiocarcinoma	N/A ²	Submitted	Submitted	Submitted	Submitted	2025-2026
Fostamatinib	Treatment of chronic immune thrombocytopenia	N/A ²	Submitted	Pre-registration	Submitted	Submitted	2025-2026
Bapocil® ¹	Breast Cancer				Submitted		2025
Xetrane® ¹	Multiple myeloma				Submitted		2025
Karfib® ¹	Relapsed or refractory multiple myeloma				Approved		2025
Rembre® ¹	Chronic myeloid leukemia						2024
O501 ¹	Oncology/Hematology			Submitted			2025
O502 ¹	Oncology/Hematology			Submitted			2025
H401	Oncology/Hematology	N/A ²	Development	N/A ²	Development	Development	2028
H402	Oncology/Hematology		Development				2028 - 2029
Other Specialty							
Imvexxy®	Moderate-to-severe dyspareunia	Q1-24	N/A ²	N/A ²	N/A ²	N/A ²	2024
Bijuva®	Moderate-to-severe vasomotor symptoms due to menopause	Q1-24	N/A ²	N/A ²	N/A ²	N/A ²	2024
IPX203	Parkinson’s disease	Pre-registration	Pre-registration	Pre-registration	Pre-registration	Pre-registration	2027-2028
Qelbree™	Attention-Deficit Hyperactivity Disorder (ADHD)	Pre-registration	N/A ²	N/A ²	N/A ²	N/A ²	2026-2027
Jornay PM™	Attention-Deficit Hyperactivity Disorder (ADHD)	Submitted				Pre-registration	2025-2028
C401 (Neurology)	Other Specialty				Submitted		2025 - 2026
C402/403 (Neurology)	Other Specialty	N/A ²	Submitted		Development	Pre-registration	2026 - 2027

¹ Products developed by Knight's internal BGx capabilities in Argentina. Unless otherwise noted in above table, these products are marketed in Argentina.

² Knight does not have the commercial rights in these territories.

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IPX203

In Q1-24, 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-levodopa¹. 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.

Jornay PM™

In Q2-24, Knight obtained the rights to seek regulatory approval and commercialize Jornay PM™ in Canada and Latin America. Jornay PM™, is an extended-release formulation of methylphenidate, a stimulant medication for the treatment of Attention-Deficit Hyperactivity Disorder (ADHD). Jornay PM™ is the first and only evening-dosed methylphenidate product commercially available in the United States to treat ADHD in patients 6 years of age and older. Jornay PM™ consists of microbeads with a delayed-release layer and an extended-release layer. The first layer delays the release of the active ingredient until morning while the extended-release layer controls the release of the active ingredient from the early morning and throughout the day. This unique formulation provides a pharmacokinetic profile that allows ADHD symptom control from the time patients wake up until they go to bed. Jornay PM™ was studied in two randomized, double-blind, placebo-controlled, phase 3 clinical trials^{2,3}. Both studies met their primary and key secondary endpoints demonstrating a statistically significant and clinically meaningful improvement in ADHD symptoms upon awakening, through the afternoon, and into the evening. Jornay PM™ was submitted for approval in Canada in November 2023. According to IQVIA, the Canadian ADHD market totals approximately \$1.1 billion with methylphenidate representing for \$460,000 and growing at over 16% CAGR over the last four years.

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

² Childress, A. C., Cutler, A. J., Marraffino, A., McDonnell, M. A., Turnbow, J. M., Brams, M., DeSousa, N. J., Incledon, B., Sallee, F. R., & Wigal, S. B. (2020). A randomized, double-blind, placebo-controlled study of HLD200, a delayed-release and extended-release methylphenidate, in children with attention-deficit/hyperactivity disorder: An evaluation of safety and efficacy throughout the day and across settings. *Journal of Child and Adolescent Psychopharmacology*, 30(1), 2–14. <https://doi.org/10.1089/cap.2019.0070>

³ Pliszka, S. R., Wilens, T. E., Bostrom, S., Arnold, V. K., Marraffino, A., Cutler, A. J., López, F. A., DeSousa, N. J., Sallee, F. R., Incledon, B., & Newcorn, J. H. (2017). Efficacy and safety of HLD200, delayed-release and extended-release methylphenidate, in children with attention-deficit/hyperactivity disorder. *Journal of Child and Adolescent Psychopharmacology*, 27(6), 474–482. <https://doi.org/10.1089/cap.2017.0084>

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Section 10 – Strategic Lending and Investments
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. To date, the strategic lending portfolio has led to the acquisition of Neuragen and the in-licensing of several products from Profound and Triumvira. As of the date hereof, Knight has two secured loans outstanding to life sciences companies as outlined in the table below.

Entity	Maturity date	Interest rate	Nominal loan balance as at June 30, 2024			
			In Source Currency		In CAD ¹	
Synergy	Mar 31, 2026	12%	US \$	7,320	\$	10,019
Other strategic loans	Apr 15, 2025	10%	US \$	2,771	\$	3,793
Total			US \$	10,091	\$	13,812

¹ Converted at the Bank of Canada closing exchange rates on June 30, 2024.

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. Knight has remaining commitments to invest in life science venture capital funds of \$6,924 as at June 30, 2024. Knight does not expect to invest in additional venture capital funds.

As at	June 30, 2024
FMV of funds by expected exit date	\$
1-3 years	11,871
4-5 years	51,972
5+ years	29,741
Total	93,584

As at	June 30, 2024	December 31, 2023
Inception to Date:		
Capital calls	163,932	159,781
Distributions received	(132,892)	(129,326)
Realized gain	72,553	70,062
Unrealized gain (loss)	(10,009)	8,205
Funds FMV	93,584	108,722
TVPI¹	1,38x	1,49x
Contingent gains ²	13,652	12,914
TVPI¹ considering contingent gains²	1,46x	1,57x

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.

RISK MANAGEMENT

Section 11 – Risk Management

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 AIF on SEDAR+ at www.sedarplus.ca.

Section 12 – 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 June 30, 2024 are as follows:

[i] Fund commitments

As at June 30, 2024, under the terms of the Company's agreements with life sciences venture capital funds, \$6,924 may be called over the life of the funds.

As at August 7, 2024, \$6,925 remains to be called by life science venture capital funds.

[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 \$446,734 including \$161,014 [US \$117,640], \$152,514 [CHF 100,160] and \$2,922 [EUR 1,993] upon achieving certain sales volumes, regulatory or other milestones related to specific products.

As at August 7, 2024, the Company may have to pay up to \$453,185 upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to \$7,984 [CHF 4,014 and EUR 1,277], of inventory for pharmaceutical products during the five-year period after their respective commercial launch.

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For products that are currently launched, the Company has committed to inventory purchases of \$139,841 [BRL 142,600, US \$51,020, EUR 11,883 and CHF 11,500], which will be purchased over the next 7 years.

	\$
2024	14,721
2025	55,531
2026	22,034
2027	20,196
2028	11,830
2029 and beyond	15,529
Total	139,841

As at August 7, 2024, the Company has a commitment to purchase up to \$8,214 of inventory for pharmaceutical products during the five-year period after their respective commercial launch and has a commitment to purchase \$141,355 for products that are currently launched.

Section 13 – Outstanding Share Data

The table below summarizes the share data:

As at	July 31, 2024	June 30, 2024
Common Shares	101,214,097	101,327,297
Stock Options	5,171,259	5,191,259
RSUs	365,125	367,011
PSUs	959,134	961,021
DSUs	196,972	196,972
Warrants	174,228	174,228

On July 11, 2024, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2024 NCIB"). Under the terms of the 2024 NCIB, the Company may purchase for cancellation up to 5,312,846 common shares of the Company which represented 10% of its public float as at June 30, 2024. The 2024 NCIB commenced on July 15, 2024 and will end on the earlier of July 14, 2025 or when the Company completes its maximum purchases under the NCIB. Furthermore, the Company 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 IR@knighttx.com or by phone at 514-484-4483.

During the three and six-month periods ended June 30, 2024, the Company purchased 205,661 (2023: 2,875,020 and 5,118,925, respectively) common shares, at an average price of \$6.04 (2023: \$4.78 and \$4.80, respectively) for aggregate cash consideration of \$1,242 (2023: \$13,733 and \$24,563, respectively).

Subsequent to quarter-end up to July 31, 2024, the Company purchased an additional 165,000 common shares at an average purchase price of \$5.67 for an aggregate cash consideration of \$936.

Management's Discussion and Analysis for the three and six-month periods ended June 30, 2024

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

Section 14 – 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 of our 2023 Annual Financial Statements.

Future Changes to Accounting Standards

The IASB issued IFRS 18 *Presentation and Disclosure in the Financial Statements*, which sets out requirements and guidance on presentation and disclosure in financial statements, including:

- presentation in income statement of income and expenses within five defined categories: operating, investing, financing, income taxes, and discontinued operations
- presentation in the income statements of new defined subtotals for operating profit and profit before financing and income taxes
- enhanced guidance on aggregation and disaggregation of information and whether to provide information in the financial statements or in the notes
- disclosure of specified expenses by nature
- disclosure of explanations of management-defined performance measures

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* but carries forward many requirements from IAS 1 without any change. The standard is effective for the annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

Section 15 – 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.

KNIGHT THERAPEUTICS INC.**Management's Discussion and Analysis for the three and six-month periods ended June 30, 2024**

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

Revenues and Financial results excluding the impact of hyperinflation under IAS 29

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.

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 excluding the impact of hyperinflation under IAS 29 allow results to be viewed without the impact of IAS 29 thereby facilitating the comparison of results period over period. The presentation of revenues and financial results excluding the impact of hyperinflation under IAS 29 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.

The following tables are reconciliations of financial results under IFRS to financial results excluding the impact of hyperinflation under IAS 29.

	Q2-24			YTD-24		
	Reported under IFRS	IAS 29 Adjustment	Excluding the Impact of IAS 29	Reported under IFRS	IAS 29 Adjustment	Excluding the Impact of IAS 29
Revenues	95,573	(1,452)	94,121	182,177	(2,260)	179,917
Cost of goods sold	48,236	604	48,840	93,141	799	93,940
Gross margin	47,337	(2,056)	45,281	89,036	(3,059)	85,977
<i>Gross margin (%)</i>	<i>50%</i>		<i>48%</i>	<i>49%</i>		<i>48%</i>
Expenses						
Selling and marketing	13,264	(296)	12,968	25,913	(452)	25,461
General and administrative	12,099	(521)	11,578	22,637	(847)	21,790
Research and development	5,806	(229)	5,577	10,786	(369)	10,417
Amortization of intangible assets	11,674	25	11,699	22,546	(1)	22,545
Operating income (loss)	4,494	(1,035)	3,459	7,154	(1,390)	5,764

KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis for the three and six-month periods ended June 30, 2024

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

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

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 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.

The following tables are reconciliations of financial results under IFRS to financial results and financial results at constant currency.

	Q2-23				YTD-23			
	Reported under IFRS	IAS 29 Adjustment	Constant Currency Adjustment	Constant Currency	Reported under IFRS	IAS 29 Adjustment	Constant Currency Adjustment	Constant Currency
Revenues	89,905	495	112	90,512	172,502	565	3,592	176,659
Cost of goods sold	52,412	(2,256)	(224)	49,932	94,247	(2,810)	1,453	92,890
Gross margin	37,493	2,751	336	40,580	78,255	3,375	2,139	83,769
Expenses								
Selling and marketing	12,874	111	(53)	12,932	23,539	159	205	23,903
General and administrative	9,119	69	301	9,489	18,225	(150)	501	18,576
Research and development	4,336	287	20	4,643	8,523	202	96	8,821
Amortization of intangible assets	11,274	(85)	233	11,422	22,445	(131)	128	22,442
Operating (loss) income	(110)	2,369	(165)	2,094	5,523	3,295	1,209	10,027

KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis for the three and six-month periods ended June 30, 2024

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

EBITDA

EBITDA is defined as 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.

EBITDA allows results to be viewed without the impact of 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 fluctuations in foreign currency exchange rates thereby facilitating the comparison of results period over period. The presentation of EBITDA 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 EBITDA

Adjusted EBITDA is defined EBITDA adjusted for acquisition costs and non-recurring expenses. Adjusted EBITDA allows results to be viewed without the impact of amortization and impairment of intangible assets, depreciation, purchase price allocation accounting adjustments, and the impact of IAS 29 (accounting under hyperinflation), acquisition costs and non-recurring expenses but to include costs related to leases fluctuations in foreign currency exchange rates thereby facilitating the comparison of results period over period. The presentation of adjusted EBITDA 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.

The following table is a reconciliation of operating income (loss) to EBITDA and adjusted EBITDA.

	Q2-24	Q2-23	YTD-24	YTD-23
Operating income (loss)	4,494	(110)	7,154	5,523
Adjustments to operating income (loss):				
Amortization of intangible assets	11,674	11,274	22,546	22,445
Depreciation of property, plant and equipment and ROU assets	1,495	884	3,204	2,796
Lease costs (IFRS 16 adjustment)	(982)	(636)	(1,864)	(1,367)
Impact of IAS 29	(1,040)	2,857	(1,810)	3,109
EBITDA	15,641	14,269	29,230	32,506
Acquisition costs	103	—	103	—
Adjusted EBITDA	15,744	14,269	29,333	32,506

Adjusted EBITDA per share

Adjusted EBITDA per share is defined as Adjusted EBITDA over number of common shares outstanding at the end of the respective period. The presentation of adjusted EBITDA per share is considered to be a non-GAAP ratio 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.

KNIGHT THERAPEUTICS INC.

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

The following table calculates adjusted EBITDA per share as follows:

	Q2-24	Q2-23	YTD-24	YTD-23
Adjusted EBITDA	15,744	14,269	29,333	32,506
Adjusted EBITDA per common share	0.16	0.13	0.29	0.30
Number of common shares outstanding at period end (in thousands)	101,327	107,177	101,327	107,177

Section 16 – 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 17 – 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.

During the quarter ended June 30, 2024, 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.

Management's Discussion and Analysis for the three and six-month periods ended June 30, 2024

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar
Q2-24	Second quarter of 2024
Q1-24	First quarter 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
Q3-22	Third quarter of 2022

Abbreviation	Company
Advaxis	Advaxis Pharmaceuticals Inc.
Ardelyx	Ardelyx, Inc.
Basilea	Basilea Pharmaceuticals Ltd.
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.
M8	M8 Pharmaceuticals, Inc.
Novartis	Novartis AG, Novartis Pharma AG or their affiliates
Profound	Profound Medical Inc.
Rigel	Rigel Pharmaceuticals, Inc.
Synergy	Synergy CHC Corp.
Triumvira	Triumvira Immunologics Inc.
TXMD	TherapeuticsMD, Inc.

KNIGHT THERAPEUTICS INC.**Management's Discussion and Analysis for the three and six-month periods ended June 30, 2024**

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

Abbreviation	Financial
AIF	Annual information form
Annual Financial Statements	Audited annual consolidated financial statements
ARS	Argentine Peso
BRL	Brazilian Real
C\$ or \$ or CAD	Canadian Dollar
CHF	Swiss Franc
CLP	Chilean Peso
COP	Colombian Peso
DC&P	Disclosure Controls and Procedures
DSU	Deferred share units
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
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
PSU	Performance share units
R&D	Research and development
ROU	Right-of-use
RSU	Restricted share units
S&M	Selling and marketing
US\$/USD	U.S. Dollar
Abbreviation	Territory
CAN	Canada
LATAM	Latin America
U.S.	United States of America
Abbreviation	Other
ANVISA	Brazilian Health Regulatory Agency
BGx	Branded Generic Pharmaceutical Product
CEO	Chief Executive Officer
ESPP	Employee Share Purchase Plan
HCC	Unresectable hepatocellular carcinoma
HCV	Human hepatitis virus infection
HIV	Human immunodeficiency virus infection
IBS-C	Irritable Bowel Syndrome with Constipation
MOH	Ministry of Health of Brazil
NCIB	Normal Course Issuer Bid
NIHB	Non-Insured Health Benefits for First Nations and Inuit Program



KNIGHT THERAPEUTICS INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	Notes	June 30, 2024	December 31, 2023
ASSETS			
Current			
Cash and cash equivalents	4	60,807	58,761
Marketable securities		88,028	95,657
Trade receivables		84,976	88,722
Other receivables		5,835	7,427
Inventories	5	103,645	91,834
Prepays and deposits		4,601	4,881
Other current financial assets	6	8,631	15,753
Income taxes receivable		4,087	2,080
Total current assets		360,610	365,115
Marketable securities		3,833	7,407
Prepays and deposits		7,283	7,767
Right-of-use assets		6,673	6,190
Property, plant and equipment		14,814	11,669
Intangible assets		295,548	289,960
Goodwill		84,604	79,844
Other financial assets	6	107,097	112,616
Deferred income tax assets		20,510	19,390
Other long-term receivables		44,392	45,535
Total non-current assets		584,754	580,378
Total assets		945,364	945,493

INTERIM CONSOLIDATED BALANCE SHEETS (continued)

[In thousands of Canadian dollars]

[Unaudited]

As at	Notes	June 30, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		77,808	85,366
Lease liabilities		2,569	1,728
Other liabilities		1,801	1,046
Bank loans		16,988	17,850
Income taxes payable		918	1,182
Other balances payable		5,745	6,857
Total current liabilities		105,829	114,029
Accounts payable and accrued liabilities		7,013	5,251
Lease liabilities		4,587	5,497
Bank loans		33,964	44,016
Other balances payable		26,222	27,012
Deferred income tax liabilities		4,948	2,817
Total liabilities		182,563	198,622
Shareholders' equity			
Share capital	7 [i]	540,945	540,046
Warrants		117	117
Contributed surplus		25,662	25,991
Accumulated other comprehensive income		51,820	29,829
Retained earnings		144,257	150,888
Total shareholders' equity		762,801	746,871
Total liabilities and shareholders' equity		945,364	945,493

Commitments [note 11]

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

[Unaudited]	Notes	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
Revenues	9	95,573	89,905	182,177	172,502
Cost of goods sold	5	48,236	52,412	93,141	94,247
Gross margin		47,337	37,493	89,036	78,255
Expenses					
Selling and marketing		13,264	12,874	25,913	23,539
General and administrative		12,099	9,119	22,637	18,225
Research and development		5,806	4,336	10,786	8,523
Amortization of intangible assets		11,674	11,274	22,546	22,445
Operating income (loss)		4,494	(110)	7,154	5,523
Interest income on financial instruments measured at amortized cost		(1,960)	(2,015)	(4,096)	(4,194)
Other interest income		(624)	(1,072)	(1,129)	(2,245)
Interest expense		2,284	3,004	4,861	5,795
Other income		(42)	(310)	(211)	(216)
Net loss (gain) on financial instruments measured at fair value through profit or loss	6	665	(3,939)	16,932	7,908
Foreign exchange loss		5,542	4,918	3,608	4,845
Gain on hyperinflation		(2,084)	(908)	(6,380)	(1,636)
Income (loss) before income taxes		713	212	(6,431)	(4,734)
Income tax					
Current		1,245	33	2,914	2,139
Deferred		1,410	(1,661)	(2,857)	(4,776)
Income tax expense (recovery)		2,655	(1,628)	57	(2,637)
Net income (loss) for the period		(1,942)	1,840	(6,488)	(2,097)
Basic and diluted net income (loss) per share	8	(0.02)	0.02	(0.06)	(0.02)
Weighted average number of common shares outstanding	8				
Basic		101,330,154	108,475,559	101,251,374	109,988,526
Diluted		101,330,154	108,678,732	101,251,374	109,988,526

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net income (loss) for the period	(1,942)	1,840	(6,488)	(2,097)
Other comprehensive income (loss), net of taxes				
Items that may be reclassified subsequently to net income or loss:				
Unrealized gain (loss) on translation of foreign operations	2,805	(724)	21,923	6,181
Items permanently in other comprehensive income or loss:				
Net gain (loss) on equity investments at fair value through other comprehensive income net of tax of \$(33) and \$(10) (2023: \$(2) and \$(2))	220	—	68	(17)
Other comprehensive income (loss) for the period	3,025	(724)	21,991	6,164
Total comprehensive income for the period	1,083	1,116	15,503	4,067

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' IN EQUITY

[In thousands of Canadian dollars]

[Unaudited]

		Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
	Notes						
Balance as at January 1, 2024		540,046	117	25,991	29,829	150,888	746,871
Net loss		—	—	—	—	(6,488)	(6,488)
Other comprehensive income for the period		—	—	—	21,991	—	21,991
Comprehensive income		—	—	—	21,991	(6,488)	15,503
Share-based compensation expense	7 [ii]	—	—	1,561	—	—	1,561
Shares purchased under Normal Course Issuer Bid	7 [iii]	(1,099)	—	—	—	(143)	(1,242)
Issuance upon vesting of PSUs and RSUs	7 [ii]	1,003	—	(1,339)	—	—	(336)
Issuance upon exercise of stock options	7 [ii]	772	—	(551)	—	—	221
Issuance under share purchase plan	7 [i]	223	—	—	—	—	223
Balance as at June 30, 2024		540,945	117	25,662	51,820	144,257	762,801
Balance as at January 1, 2023		599,055	117	23,664	41,266	161,755	825,857
Net loss		—	—	—	—	(2,097)	(2,097)
Other comprehensive income for the period		—	—	—	6,164	—	6,164
Comprehensive income		—	—	—	6,164	(2,097)	4,067
Share-based compensation expense	7 [ii]	—	—	1,611	—	—	1,611
Shares purchased under Normal Course Issuer Bid	7 [iii]	(27,354)	—	—	—	2,791	(24,563)
Issuance under share purchase plan	7 [i]	227	—	—	—	—	227
Balance as at June 30, 2023		571,928	117	25,275	47,430	162,449	807,199

See accompanying notes

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]		Three months ended June 30,		Six months ended June 30,	
	Notes	2024	2023	2024	2023
OPERATING ACTIVITIES					
Net income (loss) for the period		(1,942)	1,840	(6,488)	(2,097)
Adjustments reconciling net loss to operating cash flows:					
Deferred income tax expense (recovery)		1,410	(1,661)	(2,857)	(4,776)
Share-based compensation expense	7 [ii]	1,051	828	1,561	1,611
Depreciation and amortization		13,169	12,158	25,750	25,241
Net loss (gain) on financial instruments measured at fair value through profit or loss	6	665	(3,939)	16,932	7,908
Interest expense		2,284	3,004	4,861	5,795
Accrued interest income		417	(857)	(831)	(1,086)
Unrealized foreign exchange gain		(4,124)	(809)	(6,329)	(2,062)
Gain on hyperinflation		(2,084)	(908)	(6,380)	(1,636)
Other income		—	1	—	—
		10,846	9,657	26,219	28,898
Changes in non-cash working capital and other items	10	(11,932)	(11,143)	3,576	(26,068)
Cash inflow (outflow) from operating activities		(1,086)	(1,486)	29,795	2,830
INVESTING ACTIVITIES					
Purchase of marketable securities		(41,625)	(76,334)	(77,922)	(185,550)
Purchase of intangible assets		(16,735)	—	(26,817)	(7,667)
Purchase of property and equipment		(688)	(158)	(1,596)	(282)
Investment in funds		(1,072)	(148)	(1,203)	(170)
Proceeds on maturity of marketable securities		69,674	75,200	91,990	181,168
Proceeds from property and equipment		3	—	61	—
Proceeds from repayments of loans receivable		—	5,357	97	5,357
Proceeds from disposal of equity investments		—	—	—	2,347
Proceeds from distribution of funds		2,196	283	2,777	283
Cash inflow (outflow) from investing activities		11,753	4,200	(12,613)	(4,514)
FINANCING ACTIVITIES					
Proceeds from contributions to share purchase plan	7	119	105	193	197
Proceeds from issuance of shares upon exercise of stock options	7	221	—	221	—
Proceeds from bank loans		747	1,443	1,292	2,090
Repurchase of common shares through Normal Course Issuer Bid		(1,242)	(13,951)	(1,242)	(24,465)
Principal repayment of lease liabilities		(982)	(462)	(1,864)	(1,367)
Principal repayments on bank loans		(6,930)	(5,422)	(8,659)	(6,009)
Interest paid on bank loans		(3,295)	(3,808)	(4,200)	(4,413)
Cash outflow from financing activities		(11,362)	(22,095)	(14,259)	(33,967)
Increase (decrease) in cash and cash equivalents during the period					
		(695)	(19,381)	2,923	(35,651)
Cash and cash equivalents, beginning of the period		62,835	56,218	58,761	71,679
Net foreign exchange difference		(1,333)	1,007	(877)	1,816
Cash and cash equivalents, end of the period		60,807	37,844	60,807	37,844
Supplemental cash flow information:					
Interest received		3,001	2,230	4,394	5,353
Interest paid		(3,295)	(3,808)	(4,200)	(4,413)
Net income taxes paid		(2,020)	(1,425)	(3,571)	(3,100)

See accompanying notes

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Company
Knight or the Company	Knight Therapeutics Inc.
Synergy	Synergy CHC Corp.

Abbreviation	Currency
BRL	Brazilian Real
C\$ or \$ or CAD	Canadian Dollar
CHF	Swiss Franc
EUR	Euro
US\$/USD	U.S. Dollar

Abbreviation	Other
Annual Financial Statements	Audited annual consolidated financial statements
DSU	Deferred share units
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LATAM	Latin America
NCIB	Normal Course Issuer Bid
PSU	Performance share units
RSU	Restricted share units
WAFV	Weighted average fair value

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. NATURE OF OPERATIONS

Description of business

Knight Therapeutics Inc. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those set out in note 2 "Summary of significant accounting policies" of the Company's annual consolidated financial statements for the year ended December 31, 2023.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023. The Company's interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2024 and 2023 were authorized for issue by the Company's Board of Directors on August 7, 2024.

3. FUTURE CHANGES TO ACCOUNTING STANDARDS

The IASB issued IFRS 18 *Presentation and Disclosure in the Financial Statements* ("IFRS 18"), which sets out requirements and guidance on presentation and disclosure in financial statements, including:

- presentation in income statement of income and expenses within five defined categories: operating, investing, financing, income taxes, and discontinued operations
- presentation in the income statements of new defined subtotals for operating profit and profit before financing and income taxes
- enhanced guidance on aggregation and disaggregation of information and whether to provide information in the financial statements or in the notes
- disclosure of specified expenses by nature
- disclosure of explanations of management-defined performance measures

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* but carries forward many requirements from IAS 1 without any change. The standard is effective for the annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

As at	June 30, 2024 \$	December 31, 2023 \$
Cash in bank	58,592	58,436
Cash equivalents	2,215	325
Total	60,807	58,761

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

[Unaudited]

5. INVENTORIES

During the three and six-month periods ended June 30, 2024, the Company recorded an inventory write-down of \$429 and \$1,354, respectively (2023: \$776 and \$828, respectively), in the consolidated statement of loss in “Cost of goods sold”.

6. OTHER FINANCIAL ASSETS

As at	June 30, 2024	December 31, 2023
	\$	\$
Loans and other receivables		
Measured at amortized cost	3,795	3,667
Measured at FVTPL ^{1,3}	16,253	12,037
Equity Investments ²		
Measured at FVTPL	1,071	2,465
Measured at FVOCI	1,026	948
Derivatives		
Measured at FVTPL ³	—	303
Fund Investments		
Measured at FVTPL ³	93,583	108,949
Total	115,728	128,369

¹ In 2024, the Company amended the terms on its loan with Synergy and re-classified \$3,053 from trade and other receivables to loans and other receivables

² Level 1 fair value hierarchy

³ Level 3 fair value hierarchy

As a result of changes in fair value, the Company recorded the following net (gain) loss on financial instruments in the interim consolidated statements of income (loss) as “Net loss (gain) on financial instruments measured at fair value through profit or loss”:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
For the period ended June 30, 2024	\$	\$	\$	\$
Loans and other receivables	(75)	(156)	(710)	(226)
Equity Investments	(65)	(222)	1,435	218
Derivatives	—	(68)	123	(113)
Fund Investments	805	(3,493)	16,084	8,029
Total	665	(3,939)	16,932	7,908

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

7. SHAREHOLDERS' EQUITY

[i] Share capital

The issued and outstanding share capital of Knight is as follows:

	Number of common shares	\$
Balance as at January 1, 2024	101,170,382	540,046
Issuance under share purchase plan	40,294	223
Shares purchased under NCIB [iii]	(205,661)	(1,099)
Issuance upon vesting of PSUs and RSUs [ii]	189,061	1,003
Issuance upon exercise of stock options [ii]	133,221	772
Balance as at June 30, 2024	101,327,297	540,945

[ii] Stock-based compensation plans

The Company recorded an expense of \$1,135 (2023: \$875) and \$1,690 (2023: \$1,669) for the three-month and the six-month periods ended June 30, 2024, 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.

Stock options

	Six-month period ended June 30,			
	2024		2023	
	Number of share options #	Weighted average exercise price \$	Number of share options #	Weighted average exercise price \$
Balance beginning of the period	4,577,782	6.95	4,873,546	7.15
Granted ¹	1,875,697	5.72	267,189	4.44
Exercised	(1,262,220)	5.64	—	—
Expired/forfeited	—	—	(485,498)	7.62
Balance at end of the period	5,191,259	6.82	4,655,237	6.95
Options exercisable at the end of the period	2,937,452	7.87	4,116,752	7.24
Weighted average remaining contractual life of the options outstanding at end of the period (years)	4.24		2.60	

¹ 2024 grants include 1,000,000 stock options which vest upon the achievement of future performance targets within a seven-year period

The weighted average fair value of the options granted during the six-month period ended June 30, 2024, estimated by using the Black-Scholes option pricing model, was \$2.01 (2023: \$1.38). The fair value of the options was estimated on the date of grant based on the following weighted average assumptions:

	Six-month period ended June 30,	
	2024	2023
Weighted average risk-free interest rate	3.64%	2.95%
Dividend yield	Nil	Nil
Weighted average volatility factor [i]	24%	24%
Forfeiture rate	1%	2%
Weighted average expected life	7.2 years	6.3 years

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Deferred share units

During the three and six-month period ended June 30, 2024, the Company granted 49,608 DSUs (\$288) to independent board members (2023: 48,352 DSUs, \$235 and 52,329 DSUs, \$253 respectively). As at June 30, 2024, the number of outstanding DSUs was 196,972 (2023: 136,501 DSUs).

Restricted share units and performance share units

The following table shows the RSUs and PSUs granted and outstanding at the beginning and end of the reporting period and the WAFV:

	Six-month period ended June 30, 2024			
	RSUs		PSUs	
	Number of units #	WAFV \$	Number of units #	WAFV \$
Balance beginning of the period	324,784	4.97	732,237	4.99
Granted	123,216	5.70	423,959	5.70
Vested	(69,020)	5.61	(183,206)	5.62
Forfeited/cancelled	(11,969)	4.87	(11,969)	4.87
Balance at end of the period	367,011	5.10	961,021	5.19
Weighted average remaining contractual life of the share units outstanding at end of the period (years)	1.82		1.95	

[iii] NCIB

During the three and six-month periods ended June 30, 2024, the Company purchased 205,661 (2023: 2,875,020 and 5,118,925, respectively) common shares, at an average price of \$6.04 (2023: \$4.78 and \$4.80, respectively) for aggregate cash consideration of \$1,242 (2023: \$13,733 and \$24,563, respectively).

On July 11, 2024, the Company announced that the Toronto Stock Exchange approved its notice of intention to launch a NCIB ("2024 NCIB"). Under the terms of the 2024 NCIB, the Company may purchase for cancellation up to 5,312,846 common shares of the Company which represented 10% of its public float as at June 30, 2024. The 2024 NCIB commenced on July 15, 2024 and will end on the earlier of July 14, 2025 or when the Company completes its maximum purchases under the NCIB. Furthermore, the Company entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB.

Subsequent to quarter-end up to July 31, 2024, the Company purchased an additional 165,000 common shares at an average purchase price of \$5.67 for an aggregate cash consideration of \$936.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

8. EARNINGS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income (loss)	(1,942)	1,840	(6,488)	(2,097)
Basic weighted average shares outstanding	101,330,154	108,475,559	101,251,374	109,988,526
Adjustment for share options, RSUs and DSUs ¹	—	203,173	—	—
Diluted weighted average shares outstanding	101,330,154	108,678,732	101,251,374	109,988,526
Basic net earnings (loss) per share	(0.02)	0.02	(0.06)	(0.02)
Diluted net earnings (loss) per share	(0.02)	0.02	(0.06)	(0.02)

¹ Adjustments for diluted earnings per share have not been included as the share options, RSUs, and DSUs are anti-dilutive for the three-month period ended June 30, 2024 and the six-month periods ended June 30, 2024 and 2023.

9. SEGMENT REPORTING

The Company had 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 that 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenues				
Brazil	46,570	49,517	92,228	91,341
Colombia	15,559	10,578	26,249	19,658
Argentina ¹	11,261	8,866	20,790	18,527
Rest of LATAM ¹	15,340	11,028	28,102	25,768
Canada	5,835	5,133	10,581	8,835
Other ^{1,2}	1,008	4,783	4,227	8,373
Total	95,573	89,905	182,177	172,502

¹ The amounts have been reclassified for comparative purposes.

² Includes Europe, US and other countries.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

As at June 30, 2024 and December 31, 2023, non-current operating assets consisting of property, plant and equipment, intangible assets, goodwill, right-of-use assets, other long-term receivables and assets held for sale were held in the following geographic areas:

As at	June 30, 2024	December 31, 2023
	\$	\$
Non-current operating assets		
Canada	72,944	74,401
Brazil	50,545	57,351
Argentina	33,649	26,544
Colombia	14,424	15,632
Uruguay	191,420	181,308
Luxembourg	37,392	38,635
Rest of LATAM	45,657	39,327
Total	446,031	433,198

10. STATEMENT OF CASH FLOWS

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Changes in non-cash working capital:				
Decrease (increase) in				
Trade and other receivables	2,796	3,044	5,604	(8,900)
Prepays and deposits	1,727	(58)	1,266	3,188
Inventories	(5,655)	(2,074)	(1,463)	(4,700)
Income taxes receivable	(1,798)	(1,070)	(3,324)	(888)
Increase (decrease) in				
Accounts payable and accrued liabilities	(8,697)	(17,024)	680	(14,346)
Other liabilities	582	7,034	1,250	522
Income taxes payable	(887)	(995)	(437)	(944)
	(11,932)	(11,143)	3,576	(26,068)

11. 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 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, milestones and purchase commitments. The commitments of the Company as at June 30, 2024 are as follows:

[i] Fund commitments

As at June 30, 2024, under the terms of the Company's agreements with life sciences venture capital funds, \$6,924 may be called over the life of the funds.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[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 \$446,734 including \$161,014 [US \$117,640], \$152,514 [CHF 100,160] and \$2,922 [EUR 1,993] upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to \$7,984 [CHF 4,014 and EUR 1,277], 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 \$139,841 [BRL 142,600, US \$51,020, EUR 11,883 and CHF 11,500], which will be purchased over the next 7 years.

	\$
2024	14,721
2025	55,531
2026	22,034
2027	20,196
2028	11,830
2029 and beyond	15,529
Total	139,841

Stock Exchange Listing

Toronto Stock Exchange

Trading Symbol: GUD

Transfer Agent

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