KNIGHT THERAPEUTICS INC.

Management's Discussion and Analysis

For the year ended December 31, 2018

The following is Management's Discussion and Analysis of the financial condition and operating results of Knight Therapeutics Inc. ("Knight" or the "Company") for the year ended December 31, 2018. This document should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2018. Knight's audited annual consolidated financial statements as at December 31, 2018 have been prepared in accordance with International Financial Reporting Standards. All amounts herein are expressed in thousands of Canadian dollars (unless otherwise indicated) except for share and per share amounts. All other currencies are in thousands.

This discussion and analysis was prepared by management from information available as at March 13, 2019. Further information about Knight Therapeutics Inc., including the Annual Information Form, is available online on SEDAR at www.sedar.com.

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 Annual Information Form for the year ended December 31, 2018 found on SEDAR at www.sedar.com. 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 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.

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

GLOSSARY OF ABBREVIATIONS

Abbreviation	Calendar
YTD	Year to date
Q4-18	Fourth quarter of 2018
Q3-18	Third quarter of 2018
Q2-18	Second quarter of 2018
Q1-18	First quarter of 2018
Q4-17	Fourth quarter of 2017
Q3-17	Third quarter of 2017
Q2-17	Second quarter of 2017
Q1-17	First quarter of 2017

Abbreviation	Company
60P	60^{o} Pharmaceuticals LLC
Advaxis	Advaxis Pharmaceuticals Inc.
Akorn	Akorn Inc.
Alimera	Alimera Sciences Inc.
Antibe	Antibe Therapeutics Inc.
Ardelyx	Ardelyx, Inc.
AstraZeneca	AstraZeneca AB
Braeburn	Braeburn Pharmaceuticals Inc.
Crescita	Crescita Therapeutics Inc.
Ember	Ember Therapeutics Inc.
Forbion	Forbion Capital Fund III CV
Jaguar	Jaguar Health Inc.
Knight or the Company	Knight Therapeutics Inc.
Lundbeck	H. Lundbeck A/S
Medimetriks	Medimetriks Pharmaceuticals Inc.
Medison	Medison Biotech (1995) Ltd.
Moksha8	Moksha8, Inc.
NEMO II	New Emerging Medical Opportunities Fund II Ltd.
NEMO III	New Emerging Medical Opportunities Fund III Ltd.
NeurAxon	NeurAxon Pharma Inc.
PBB	Pro Bono Bio PLC
Pediapharm	Pediapharm Inc.
Prexton	Prexton Therapeutics SA
Profound	Profound Medical Inc.
Puma	Puma Biotechnology, Inc.
Replimune	Replimune Group Inc
Sectoral	Sectoral Asset Management Inc.
SIFI	Società Industria Farmaceutica Italiana S.p.A.
Synergy	Synergy CHC Corp.
Triumvira	Triumvira Immunologics Inc.
TXMD	TherapeuticsMD, Inc.

Abbreviation	Financial
AOCI	Accumulated other comprehensive income
C$ or $	Canadian Dollar
DC&P	Disclosure Controls and Procedures
EPS	Earnings per share to common shareholders
EUR	Euro
FMV	Fair market value
FVOCI	Fair market value though other comprehensive income
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
ILS	New Israeli Shekels
Annual Financial Statements	Audited annual consolidated financial statements
US$	U.S. Dollar

Abbreviation	Territory
CAN	Canada
CAR	Select countries in the Caribbean
ISR	Israel
LATAM	Latin America
QUE	Quebec
ROM	Romania
RUS	Russia
UAE	United Arab Emirates
U.S.	United States of America
ZAF	Sub-Saharan Africa

Abbreviation	Other
AIDS	Acquired immune deficiency syndrome
ART	Antiretroviral Therapy
HIV	Human immunodeficiency virus infection
IBS-C	Irritable Bowel Syndrome with Constipation
IPO	Initial Public Offering
IQVIA	IQVIA Incorporated, a leading pharmaceutical market research organization
NDS	New Drug Submission
NON	Notice of Non-Compliance
OIC	Opioid-induced constipation
PCG	Pharma Consulting Group S.A.
PMPRB	Patented Medicine Prices Review Board
PRV	Priority Review Voucher

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". Activities performed by the Company are as follows:

- Principal business activity is developing, acquiring, in-licensing, out-licensing, marketing and distributing pharmaceutical products, consumer health products and medical devices in Canada and select international markets.
- Finances other life sciences companies with the goal of strengthening relationships in the life science industry and securing product distribution rights for Canada and select international markets.
- Invests in life sciences venture capital funds whereby the Company receives 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 – 2018 Highlights

Financial Results

- Revenues were $12,500, an increase of $3,866 or 45% over prior year.
- Realized gain on financial assets measured at fair value through profit or loss of $6,444.
- Net income was $24,079, an increase of $6,835 or 40% over prior year.

Corporate Developments

- Received notices of reassessment from CRA and QRA of $23,340 and $18,242 respectively related to the sale of the PRV.
- Accepted the resignation of Dr. Sarit Assouline and appointed Nancy Harrison on the Board of Directors.

Products

- Submitted Netildex™ for approval and received a NON from Health Canada and will be submitting a response in 2019.
- Entered into an exclusive licensing agreement with Ardelyx to commercialize tenapanor in Canada.
- Received regulatory approval and launched Probuphine® for the treatment of opioid drug dependence in Canada.
- Entered into a licensing agreement with TXMD to commercialize TX-004HR and TX-001HR in Canada and Israel.
- Entered into a distribution, license and supply agreement with Jaguar to commercialize Mytesi® in Canada and Israel.
- Entered into an out-licensing agreement with PCG for the commercial rights of Impavido® in Colombia, Peru, Ecuador and Paraguay.
- Received regulatory approval from Health Canada for Iluvien® for the treatment of diabetic macular edema.

Strategic Lending

- Received an early repayment of $29,463 [US$22,757] from Medimetriks including payment of principal of $25,894 [US$20,000].
- Received $5,613 [US$4,460] as a partial repayment of the 60P loan and amended the agreement and loaned an additional $2,777 [US$2,100] to 60P.
- Converted $500 Antibe debenture into 2,489,899 common shares and subsequently sold them for proceeds of $1,011.
- Received $3,188 representing full loan repayment and early payment fee from Profound.
- Received $1,305 representing full loan repayment and early payment fee from Pediapharm.

Strategic Investments

- Acquired an additional 754,716 common shares of Crescita through a rights offering at $0.53 per share.
- Invested $26,028 [USD$20,000] in common shares of TXMD at a price of US$5.10 per share.
- Invested $1,161 [USD$900] in common shares of Jaguar at a price of US$0.60 per share.
- Received distributions of $6,769 from strategic fund investments and realized a gain of $1,879.

Subsequent to year-end

- Entered into a licensing agreement with Puma to commercialize NERLYNX® in Canada.
- Entered into a strategic financing agreement with Moksha8, a specialty pharmaceutical company operating in Brazil and Mexico, for a loan of up to $34,105 [US$25,000] of which $13,134 [US$10,000] was issued.
- Entered into a secured loan agreement with Triumvira for $6,585 [US$5,000] for the development of its novelty T cell therapies and obtained the exclusive rights to commercialize Triumvira's future products in select countries.
- Medison's board of directors declared and approved dividends of $4,153 [ILS 11,308] payable to Knight.

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

FINANCIAL RESULTS

Section 3 – Results of Operations

	Q4-18	Q4-17	Change $[1]	Change %[2]	2018	2017	Change $[1]	Change %[2]
Revenues	**3,888**	2,544	1,344	53%	**12,500**	8,634	3,866	45%
Cost of goods sold	**524**	488	(36)	7%	**2,305**	1,585	(720)	45%
Gross margin	**3,364**	2,056	1,308	64%	**10,195**	7,049	3,146	45%
Gross margin (%)	***87%***	*81%*			***82%***	*82%*		
Expenses								
Selling and marketing	**907**	1,131	224	20%	**3,588**	3,378	(210)	6%
General and administrative	**2,602**	1,254	(1,348)	107%	**8,467**	8,198	(269)	3%
Research and development	**492**	881	389	44%	**1,991**	2,750	759	28%
	(637)	(1,210)	573	47%	**(3,851)**	(7,277)	3,426	47%
Depreciation of property and equipment	**24**	8	(16)	200%	**87**	8	(79)	988%
Amortization of intangible assets	**478**	436	(42)	10%	**1,845**	1,621	(224)	14%
Interest income on financial instruments measured at amortized cost	**(4,960)**	(7,783)	(2,823)	36%	**(16,114)**	(26,300)	(10,186)	39%
Other interest income	**(984)**	—	984	100%	**(4,820)**	—	4,820	100%
Other income	**(206)**	(14)	192	1371%	**(1,979)**	(1,527)	452	30%
Net gain on financial assets	**—**	(3,098)	(3,098)	N/A	**—**	(6,734)	(6,734)	N/A
Net loss (gain) on financial instruments measured at fair value through profit or loss	**6,717**	—	(6,717)	100%	**(7,632)**	—	7,632	100%
Impairment on financial assets	**—**	1,621	1,621	N/A	**—**	1,621	1,621	N/A
Share of net income of associate	**(114)**	(341)	(227)	67%	**(555)**	(854)	(299)	35%
Foreign exchange (gain) loss	**(2,716)**	(555)	2,161	389%	**(4,147)**	3,689	7,836	212%
Income before income taxes	**1,124**	8,516	(7,392)	87%	**29,464**	21,199	8,265	39%
Income tax expense								
Current	**92**	299	207	69%	**3,535**	1,897	(1,638)	86%
Deferred	**811**	1,072	261	24%	**1,850**	2,058	208	10%
Net income	**221**	7,145	(6,924)	97%	**24,079**	17,244	6,835	40%
Attributable to shareholders of the Company								
Basic EPS	**0.002**	0.050	(0.048)	96%	**0.169**	0.121	0.048	40%
Diluted EPS	**0.002**	0.050	(0.048)	96%	**0.168**	0.120	0.048	40%

[1] *A positive variance represents a positive impact to net income and a negative variance represents a negative impact to net income*
[2] *Percentage change is presented in absolute values*

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

	Q4-18 vs Q4-17	2018 vs 2017
Revenues	• Increase in revenues mainly attributable to timing and growth of Impavido® sales and growth in Movantik® sales.	
Gross margin	• Increase in gross margin ($) attributable to increase in revenues. • Increase in gross margin (%) attributable to change in product mix.	• Increase in gross margin ($) attributable to increase in revenues. • No significant change in gross margin (%).
Selling and marketing	• Decrease due to timing of commercial activities and product launches.	• Increase due to commercial activities including sales force promotion of Movantik® and preparation of the launch of new products.
General and administrative	• Increase due to higher transactional professional fees and no executive bonus paid for 2017.	
Research and development expenses	• Decrease due to timing of product submissions to Health Canada.	
Depreciation and amortization	• No significant variance.	
Interest income	• Includes "Interest income on financial instruments measured and amortized costs" and "Other interest income". • Primarily from interest earned on loans, cash and cash equivalents, marketable securities and accretion on loans receivable. ***Interest Income*** • Interest income (excluding accretion) for Q4-18 was $5,944, an increase of 3% or $162 compared to prior year due to an increase in the average cash, cash equivalents and marketable securities balances and an increase in interest rates, offset by a lower average loan balance. ***Interest Accretion*** • No significant interest accretion in Q4-18 compared to $2,001 in prior year due to the adoption of IFRS 9.	***Interest Income*** • Interest income (excluding accretion) for YTD-18 was $20,934, an increase of $16 compared to prior year due to an increase in the average cash, cash equivalents and marketable securities balances and an increase in interest rates, offset by a lower average loan balance. ***Interest Accretion*** • No significant interest accretion in YTD-18 compared to $5,382 in prior year due to the adoption of IFRS 9.
Other income[1]	• Driven by fees earned on loans.	• Driven by the early repayment fees on the Medimetriks, Profound and Pediapharm loans.
Net gain on financial assets	• Due to realized gains on the sale of equities, gains on distributions of strategic funds and the revaluation of derivatives.	
Net loss (gain) on financial assets measured at fair value through profit or loss	• Loss of $6,717 driven by; **Loans and other receivables:** Loss of $1,591 composed of an unrealized loss of $2,517 due to changes in fair value and increased credit risk on certain loans, partially offset by the recognition of day 1 gains of $926. **Equity Investments:** Loss of $2,867 composed of an unrealized loss of $3,597 due to fair value revaluations, offset by a realized gain on disposals of $730. **Derivatives:** Unrealized gain of $9 due to fair value revaluations.	• Gain of $7,632 driven by; **Loans and other receivables:** Loss of $800 composed of an unrealized loss of $2,523 due to changes in fair value and increased credit risk on certain loans, partially offset by the recognition of day 1 gains and changes due to early repayment of $1,723. **Equity Investments:** Gain of $806 composed of an unrealized loss of $2,172 due to fair value revaluations, offset by a realized gain on disposals of $2,978. **Derivatives:** Gain of $689 composed of an unrealized gain of $825 due to fair value revaluations, partially offset by a realized loss of $136.

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

	Q4-18 vs Q4-17	2018 vs 2017
Net loss (gain) on financial assets measured at fair value through profit or loss *(continued)*	**Fund Investments:** Loss of $2,268 composed of an unrealized loss of $2,348 due to mark-to-market adjustments, and a realized gain on distributions of $80.	**Fund Investments:** Gain of $6,937 composed of an unrealized gain of $5,058 due to mark-to-market adjustments, and a realized gain on distributions of $1,879.
Share of net income of associate	• No significant variance.	
Foreign exchange (gain) loss	• Gain due to relative gains on certain U.S. dollar denominated financial assets as Canadian dollar weakened.	
Income tax expense	• Variance due to gains on investments in financial assets and amortization of deferred income taxes related to the Company's financing.	

[1] *Other income includes income earned for advisory and other services, gains from early loan repayments and income from strategic lending deals*

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

FINANCIAL CONDITION

Section 4 – Balance Sheets

	12-31-18	12-31-17	Change $	Change %[1]
ASSETS				
Current				
Cash and cash equivalents	**244,785**	496,460	(251,675)	51%
Marketable securities	**445,003**	232,573	212,430	91%
Trade and other receivables	**11,756**	9,176	2,580	28%
Inventories	**1,136**	1,224	(88)	7%
Other current financial assets	**14,030**	58,848	(44,818)	76%
Income taxes receivable	**821**	792	29	4%
Total current assets	**717,531**	799,073	(81,542)	10%
Marketable securities	**97,274**	36,000	61,274	170%
Property and equipment	**794**	633	161	25%
Intangible assets	**17,475**	12,576	4,899	39%
Other financial assets	**113,314**	76,988	36,326	47%
Investment in associate	**79,145**	75,983	3,162	4%
Deferred income tax assets	**2,959**	4,730	(1,771)	37%
Other receivable	**23,340**	—	23,340	100%
Total assets	**1,051,832**	1,005,983	45,849	5%
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	**6,100**	5,025	1,075	21%
Income taxes payable	**10,705**	7,599	3,106	41%
Other balances payable	**197**	1,354	(1,157)	85%
Deferred other income	**183**	282	(99)	35%
Total current liabilities	**17,185**	14,260	2,925	21%
Deferred other income	**—**	167	(167)	N/A
Other balances payable	**4,615**	348	4,267	1226%
Total liabilities	**21,800**	14,775	7,025	48%
Shareholders' equity				
Share capital	**761,844**	761,490	354	0%
Warrants	**785**	785	—	—
Contributed surplus	**14,326**	12,196	2,130	17%
Accumulated other comprehensive income	**20,955**	20,907	48	0%
Retained earnings	**232,122**	195,830	36,292	19%
Total shareholders' equity	**1,030,032**	991,208	38,824	4%
Total liabilities and shareholders' equity	**1,051,832**	1,005,983	45,849	5%

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

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

	12-31-18 vs 12-31-2017
Cash and cash equivalents and marketable securities (current and long term)	• Refer to Section 6 – Liquidity and Capital Resources for further information.
Trade and other receivables	• Increase due to growth in revenues and timing of collection of interest.
Inventories	• No significant variance.
Other financial assets (current and long term)	• Decrease of $8,492 driven by: **Loans and other receivables:** decrease of $32,144 mainly attributable to early repayments of $25,894 [US$20,000] of the Medimetriks loan, $5,613 [US$4,460] of the 60P loan, $2,857 of the Profound loan, and the Pediapharm debenture of $1,250, offset by additional loans provided of $5,375 [US$4,100]. Refer to Section 7 for further information on Knight's strategic lending portfolio. **Equities, Warrants and Derivatives:** decrease of $8,434 driven by disposals of investments and the revaluation of equities, warrants and derivatives, offset by additional equity investments during the year. Refer to note 11 in the Annual Financial Statements for further information. **Funds:** increase of $32,086 due to capital calls of $27,169, mark-to-market adjustments of $6,937 and foreign exchange gains of $4,749 offset by distributions of $6,769. Refer to Section 9 for further information on Knight's strategic investments.
Income tax receivable	• No significant variance.
Property and Equipment	• No significant variance.
Intangible assets	• Increase due to the in-licensing of products, offset by amortization. • Refer to note 10 in the Annual Financial Statements for further details.
Investment in associate	• Increase related to Knight's share of net income and other comprehensive income. • Refer to Section 10 for further information.
Other receivable	• Increase due to deposit of $23,340 made to the CRA related to a notice of reassessment. Refer to Section 5 for further information.
Accounts payable and accrued liabilities	• Increase due to timing of purchases and payments.
Income tax payable	• Increase due to gains on investments in financial assets and foreign exchange gains.
Deferred other income	• No significant variance.
Other balances payable (current and long term)	• Increase due to additional regulatory and sales milestones on in-licensed products.
Share capital	• Refer to note 16 in the Annual Financial Statements for further information.
Contributed surplus	• Increase related to share-based compensation expense. • Refer to the statement of changes in shareholders' equity in the Annual Financial Statements for further information.
Accumulated other comprehensive income	• Increase related to other comprehensive income of $11,740 for the period, offset by the IFRS 9 transition adjustment of $11,692. • Refer to the statement of changes in shareholders' equity and note 4 in the Annual Financial Statements for further information.
Retained earnings	• Increase due to net income of $24,079 in YTD-2018 and the IFRS 9 transition adjustment of $12,213. • Refer to note 4 in the Annual Financial Statements for further details.

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

Section 5 – Notices of Reassessment

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

The Company's PRV was granted on March 19, 2014 upon the FDA approval of Impavido® and was disposed of to a third party in November 2014 for gross proceeds of US$125,000. The notices of reassessment provide that Knight is liable to pay an aggregate of $23,340 and $18,242 to the CRA and QRA respectively in additional taxes and interest. Knight has made a deposit for the full amount to the CRA in July 2018 and to the QRA in February 2019.

Knight believes that the reassessments are unfounded and filed a notice of objection with CRA in September 2018 to start the appeals process. Based on the Company's view of the likely outcome of the appeals process, Knight expects to recover the total of $41,582 deposited and has not recorded any tax provision related to the disposal of the PRV in its financial statements. However, there can be no assurance regarding the outcome or when a resolution may be reached.

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

Section 6 – Liquidity and Capital Resources

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

The Company believes that its existing cash, cash equivalents and marketable securities as well as cash generated from operations are sufficient to finance its current operations, working capital requirements and future product and corporate acquisitions. The table below sets forth a summary of cash flow activity and should be read in conjunction with our consolidated statements of cash flows.

			Change		YTD		Change	
	Q4-18	Q4-17	**$**	**%[1]**	**2018**	2017	**$**	**%[1]**
Net cash from operating activities	**3,253**	5,114	(1,861)	36%	**(5,739)**	23,457	(29,196)	124%
Net cash from investing activities	**(64,105)**	(15,814)	(48,291)	305%	**(252,314)**	(39,992)	(212,322)	531%
Net cash from financing activities	**51**	247	(196)	79%	**290**	746	(456)	61%
Decrease in cash and cash equivalents during the period	**(60,801)**	(10,453)	(50,348)	482%	**(257,763)**	(15,789)	(241,974)	1533%
Net foreign exchange difference	**2,364**	74	2,290	3095%	**6,088**	(2,693)	8,781	N/A
Cash and cash equivalents, beginning of the period	**303,222**	506,839	(203,617)	40%	**496,460**	514,942	(18,482)	4%
Cash and cash equivalents, end of the year	**244,785**	496,460	(251,675)	51%	**244,785**	496,460	(251,675)	51%
Marketable securities, end of the year	**542,277**	268,573	273,704	102%	**542,277**	268,573	273,704	102%
Cash, cash equivalents, and marketable securities, end of the year	**787,062**	765,033	22,029	3%	**787,062**	765,033	22,029	3%

[1] Percentage change is presented in absolute values

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

	Q4-18 vs Q4-17	2018 vs 2017
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. In addition, Knight deposited $23,340 to the CRA related to the sale of the PRV in 2014. Cash flows from operating activities exclude revenues and expenses not affecting cash, such as unrealized and realized gains or losses on financial assets, accretion of interest, share based compensation expense, depreciation and amortization, foreign exchange gains or losses, share of net income and dividends from associate, other income, deferred other income, and net changes in non-cash balances relating to operations.	
Net cash from investing activities	For the three-month period ended December 31, 2018, cash flows were due to: • net purchases of marketable securities of $64,440; • net investments in life sciences funds of $6,267; • net issuance of loan receivables of $1,789. • acquisition of intangibles and property and equipment of $777, partially offset by; • net proceeds from disposal of equities of $9,168.	For the year ended December 31, 2018, cash flows were due to: • net purchases of marketable securities of $267,067; • net investments in life sciences funds of $20,400; • acquisition of intangibles and property and equipment of $3,872, partially offset by; • net proceeds from repayments of loan receivables of $35,737; • net proceed from disposals of equity investments of $3,288.
Net cash from financing activities	Cash flows from financing activities were due to the participation of employees and directors in the Company's share purchase plan and cash received from the exercise of stock options.	

PRODUCT ACQUISITION STRATEGY

Section 7 – Products

Knight pursues opportunities to acquire or in-license pharmaceutical products, consumer health products and medical devices in Canada and select international markets. Knight's wholly owned subsidiary in Barbados develops innovative pharmaceuticals including those used to treat neglected tropical diseases and rare pediatric diseases. Knight expects to expand its product portfolio within existing therapeutic fields in Canada and internationally, and intends to leverage its expertise in specialty sales and marketing, 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. The following table summarizes certain products from Knight's product portfolio.

Prescription Pharmaceutical Products

Product	Indication/Potential Indication	Licensor	Status in Territory	Territory Rights
Pain/Gastrointestinal				
Movantik®	OIC	AstraZeneca	Marketed in CAN and approved in ISR	CAN, ISR
Probuphine®	Opioid addiction	Braeburn	Marketed	CAN
Ibsrela™	IBS-C	Ardelyx	Pending submission	CAN
Mytesi®	Symptomatic relief of non-infectious diarrhea in adult patients with HIV or AIDS on ART	Jaguar	Pending submission	CAN, ISR
	Other diarrhea disorders		Pre-clinical – Phase 2	
NeurAxon family	Acute migraine, pain and neurological disorders	N/A	Pre-Clinical – Phase 2	CAN, ISR, RUS, ZAF

Prescription Pharmaceutical Products (continued)

Product	Indication/Potential Indication	Licensor	Status in Territory	Territory Rights
Pain/Gastrointestinal				
Antibe family	Chronic pain and inflammation	Antibe	Pre-clinical – Phase 2	CAN, ISR, RUS, ZAF
Oncology				
NERLYNX®	HER2-positive breast cancer	Puma	Submitted	CAN
Advaxis family	HPV-associated cancers and others	Advaxis	Phase 1 – Phase 3	CAN
Triumvira family	Novel T-cell therapies for cancer	Triumvira	Pre-clinical	CAN[2], ISR, MEX, BRA, COL
Ophthalmic				
AzaSite™	Bacterial conjunctivitis	Akorn	Approved	CAN
Iluvien®	Diabetic macular edema	Alimera	Approved	CAN
Netildex™	Ocular inflammation	SIFI	Submitted	CAN
Women's Health				
TX-004HR	Moderate-to-severe dyspareunia	TXMD	Pending submission	CAN, ISR
TX-001HR	Moderate-to-severe vasomotor symptoms due to menopause	TXMD	Pending submission	CAN, ISR
Other				
Impavido®	Leishmaniasis	N/A	Marketed	Global
Arakoda™ 60P family	Prevention of malaria Other tropical diseases	60P	Pending submission Phase 2	CAN, ISR, RUS, LATAM[1]
Tenapanor	Hyperphosphatemia	Ardelyx	Phase 3	CAN

[1] *Select products only for LATAM*
[2] *Excludes TAC01-CD19*

Consumer Health Products and Medical Devices

Product	Description	Licensor	Status in Territory	Territory Rights
Neuragen®	Pain associated with diabetic and peripheral neuropathy	N/A	Marketed[1]	Global (Ex. U.S)
Synergy Family	Various consumer health products	Synergy	Marketed[2]	CAN, ISR, ROM, RUS, ZAF
FLEXISEQ™	Pain and joint stiffness associated with osteoarthritis	PBB	Not Yet Marketed	QUE, ISR
Crescita family	Dermo-cosmetic line of products	Crescita	Not Yet Marketed	ISR, ROM, RUS, ZAF, CAR
TULSA-PRO®	Prostate ablation	Profound	Pending submission	CAN

[1] *Approved and marketed in Canada and the UAE*
[2] *Select products marketed*

2018 Highlights

Movantik®

In December 2016, Knight entered into an agreement with AstraZeneca for the rights to Movantik® in Canada and Israel under which Knight is responsible for all commercial, regulatory and certain supply chain activities. Movantik® is the first once-daily oral peripherally-acting mu-opioid receptor antagonist for the treatment of OIC in adult patients with non-cancer pain who have had an inadequate response to laxatives. According to the Canadian Family Physician Practice Guideline, it is estimated that at least 26% of chronic opioid users suffer from OIC. According to IQVIA data, Movantik® sales in Canada were $1,359 for the year ended December 31, 2018 (2017: $936).

Probuphine®

On February 1, 2016, Knight entered into an exclusive licensing agreement with Braeburn to commercialize Probuphine® in Canada. Probuphine®, indicated for the treatment of opioid drug dependence, is a subdermal implant designed to deliver buprenorphine continuously for six months following a single treatment, promoting patient compliance and retention. Health Canada approved Probuphine® on April 18, 2018 for the management of opioid dependence in patients clinically stabilized on no more than 8 mg of sublingual buprenorphine in combination with counselling and psychosocial support. On October 29, 2018, Knight announced the commercial launch of Probuphine® in Canada.

Tenapanor

On March 16, 2018, Knight entered into an exclusive licensing agreement with Ardelyx to commercialize tenapanor in Canada. Tenapenor is a first-in-class small molecule treatment that has completed Phase 3 development for IBS-C (marketed as Ibsrela™) and is in an ongoing Phase 3 study for hyperphosphatemia. Ardelyx submitted Ibsrela™ to the US FDA in September 2018 and is expecting approval in September 2019. Knight expects to submit a NDS for Ibsrela™ for IBS-C in 2019.

Jaguar

On September 24, 2018, Knight entered into a distribution, license and supply agreement with Jaguar that grants Knight the exclusive right to commercialize Mytesi® (crofelemer 125 mg delayed-release tablets) and related products in Canada and Israel and a right of first negotiation to commercialize Mytesi® and related products in specified Latin American countries. Mytesi® is a FDA-approved product in the U.S. indicated for the symptomatic relief of non-infectious diarrhea in adult patients with HIV or AIDS on ART.

Antibe family

On November 13, 2015, Knight entered into an exclusive long-term license and distribution agreement with Antibe to commercialize its anti-inflammatory and pain product pipeline, along with certain future Antibe products, in Canada and select countries. On March 20, 2018, Antibe announced that its lead drug, ATB-346, met its primary endpoint in the Phase 2B gastrointestinal safety study. On January 21, 2019, Antibe announced that it has received approval from Health Canada to initiate the second part of its Phase 2B dose-ranging, efficacy study for its lead drug, ATB-346. The primary objective of the study is to evaluate the efficacy of ATB-346 in reducing osteoarthritis pain over a 14-day treatment period.

Iluvien®

On July 21, 2015, Knight entered into an agreement with Alimera pursuant to which Knight acquired the exclusive Canadian distribution rights to Iluvien®, a sustained release intravitreal implant for the treatment of diabetic macular edema. Iluvien® was approved by Health Canada on November 26, 2018 for the treatment of diabetic macular edema. Knight plans to launch the product in 2019.

Netildex™

On August 2, 2016, Knight entered into a license agreement for the exclusive rights in Canada to commercialize Netildex™, a fixed combination of netilmicin and dexamethasone for the treatment of inflammatory ocular conditions of the anterior segment of the eye, in presence or at risk of bacterial infection. On February 15, 2018, Netildex™ was accepted for review by Health Canada. On December 4, 2018, Knight was advised by Health Canada that the NDS for Netildex™ will not be approved at this time, and Knight will respond to the NON during 2019.

NERLYNX®

On January 9, 2019, Knight entered into an exclusive license agreement with Puma for the exclusive right to commercialize NERLYNX® (neratinib) in Canada. Puma filed a NDS for NERLYNX® with Health Canada in July 2018 for the extended adjuvant treatment of adult patients with early stage HER2-overexpressed/amplified breast cancer following adjuvant trastuzumab-based therapy.

Triumvira family

On February 20, 2019 Knight entered into a secured loan and exclusive license agreement with Triumvira to commercialize its future approved products for Canada, Israel, Mexico, Colombia and for TAC01-CD19 for Israel, Mexico, Brazil and Colombia. Triumvira is developing novel T cell therapies that are safer and more efficacious than current gene therapy cancer treatments, including chimeric antigen receptor (CAR) and engineered T cell receptor (TCR) therapies.

TXMD

On July 31, 2018, Knight entered into an exclusive licensing agreement for the commercial rights of TX-004HR and TX-001HR in Canada and Israel. TX-004HR is a TXMD FDA-approved product, marketed as Imvexxy™ (estradiol vaginal inserts) in the U.S., for the treatment of moderate-to-severe dyspareunia (vaginal pain associated with sexual activity), a symptom of vulvar and vaginal atrophy (VVA), due to menopause. TX-001HR, marketed as Bijuva™, was approved by the U.S. FDA on October 18, 2018, is a bio-identical hormone therapy combination of estradiol and progesterone in a single, oral softgel for the treatment of moderate-to-severe vasomotor symptoms due to menopause. Knight expects to submit the NDS in Canada for TX-004HR and TX-001HR in 2019.

Impavido®

On February 27, 2014, Knight acquired the worldwide rights to Impavido® as part of its business separation agreement with Paladin. Impavido® is an oral drug treatment based on miltefosine for the visceral, cutaneous and mucocutaneous leishmaniasis which is caused by a protozoa parasite from over 20 Leishmania species and is approved for sale in the U.S, Germany and Israel. Impavido® was launched in the U.S in March 2016 by Knight's commercialization partner, Profounda. On August 1, 2018, Knight out-licensed the commercial rights of Impavido® for the territories of Colombia, Peru, Ecuador and Paraguay to PCG.

Arakoda™

On December 10, 2015, the Company entered into a loan agreement with 60P for the development of tafenoquine for the prevention of malaria in adults. As consideration for the loan, Knight received the commercial rights of the Product for Canada, Israel, Russia and LATAM. The Product was approved by the FDA on August 9, 2018.

Section 8 – Strategic Lending

Knight finances other life sciences companies in all geographic markets with the goal of strengthening relationships in the life sciences industry and securing product distribution rights for Canada and select international markets. Typically, loans have low double-digit interest rates and may come with additional consideration to the Company. Loans often come with product rights or product options for Canada and select international markets. These loans strengthen Knight's ties within the life

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

sciences industry and, in doing so, help to secure product rights for Knight either on a direct or indirect basis. As of the date hereof, Knight has six secured loans outstanding to life sciences companies as outlined in the table below. To date, the strategic lending portfolio has led to the acquisition or in-licensing of Knight's consumer health products (as described in Section 7), the Antibe family, the 60P family and TULSA-PRO®.

	Nominal loan balance as at December 31, 2018	
Entity	**In Source Currency**	**In Canadian Dollars[1]**
Synergy	US$7,500	$10,232
60P[2]	US$6,810	$9,290
Crescita	C$3,639	$3,639
Moksha8[3]	US$2,000	$2,728
Medimetriks	US$1,000	$1,364
Ember	US$500	$682
Total		**$27,935**

[1] Converted at the Bank of Canada closing exchange rates on December 31, 2018
[2] Excludes 60P Convertible Debenture received as consideration for loans issued to 60P
[3] Additional US$8,000 funded to Moksha8 subsequent to year end

The following table summarizes the movement in loans and other receivables during the year ended December 31, 2018, accounted for under IFRS 9.

	Carrying value beginning of year	**Additions**	**Loan repayments**	**Net loss on FA[1]**	**Foreign exchange[2]**	**Carrying value end of year**	**Current other financial assets**	**Non-current other financial assets**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Amortized Cost[3]	2,034	2,659	(1,878)	—	149	2,964	2,728	236
FVTPL[4]	58,330	4,376	(39,863)	(800)	2,668	24,711	4,937	19,774
Total	**60,364**	**7,035**	**(41,741)**	**(800)**	**2,817**	**27,675**	**7,665**	**20,010**

[1] Net changes related to change in the fair value of loan receivables and recognition of day 1 gains
[2] Net changes due to foreign currency translation recorded in the statement of income or statement of other comprehensive income
[3]Loans and other receivables recorded at amortized cost include; Antibe, Pediapharm, Moksha8 and a long-term receivable
[4]Loans and other receivables recorded at FVTPL include; Medimetriks, 60P, Profound, Crescita and Synergy

During the year ended December 31, 2018, the Company issued $5,375 of strategic loans and received principal repayments of $41,112. As a result of changes in fair value and recognition of deferred day 1 gains, the Company recorded a loss of $800 in the statement of income in "Net gain on financial instruments measured at fair value through profit and loss". In addition, the Company recorded $2,817 due to foreign currency revaluation of which $1,149 is recorded in the statement of income in "Foreign exchange (gain) loss" and $1,668 recorded in the statement of comprehensive income in "Unrealized gain (loss) on translation of foreign operations". As at December 31, 2018, the nominal loan balance outstanding was $27,935, including $24,296 [US$17,810]. Subsequent to year end, the Company closed two additional strategic loan deals and the nominal loan balance outstanding as at March 13, 2019 was $44,988, including $41,349 [US$30,310] (converted using the December 31, 2018 exchange rate).

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

The following table summarizes the movement in loans and other receivables during the year ended December 31, 2017, accounted for under IAS 39.

	Carrying value beginning of year $	Additions[1] $	Accretion[2] $	Loan repayments[3] $	Other[4] $	Carrying value end of year $	Current other financial assets $	Non-current other financial assets $
Amortized Cost	75,731	20,311	5,520	(38,835)	(2,908)	59,819	39,057	20,762

[1] Relative fair value of loans issued net of work and origination fees
[2] Accretion of interest income based on the effective interest rate method
[3] Principal repayments on loans receivable
[4] Net changes related to write-offs, foreign currency revaluations and other adjustments

During the year ended December 31, 2017, the Company issued $20,112 of strategic loans and received principal repayments of $38,835. In addition, the Company recorded interest accretion of $5,520 in the statement of income in "Interest income on financial instruments measured at amortized cost" and a foreign exchange loss of $2,908 in the statement of income. As at December 31, 2017, the nominal loan balance outstanding was $61,499, including $52,636 [US$41,958].

Medimetriks

During 2016, Knight issued $31,290 [US$23,000] to Medimetriks in secured loans to support its acquisition of the exclusive U.S. development and commercialization rights of OPA-15406 from Otsuka. On March 7, 2018, Knight received an early repayment of principal of $25,894 [US$20,000] and interest and fees of $3,569 [US$2,757]. As at December 31, 2018, the nominal loan balance outstanding was $1,364 [US$1,000].

Antibe

On November 13, 2015, Knight invested $500 in senior secured convertible debentures offered by Antibe. As consideration for the debenture, the Company received a conversion feature whereby up to the maturity date, the debenture can be converted into common shares of Antibe at $0.22 per share ("Antibe Conversion Option"). On March 27, 2018, Knight exercised its Antibe Conversion Option and was issued 2,489,889 common shares. As a result, Knight derecognized the loan and derivative and recognized an equity investment measured at FVPL of $996.

60P

On December 10, 2015, the Company started a strategic loan relationship loan agreement with 60P ("60P Loan") for the development of tafenoquine ("Arakoda™") for the prevention of malaria in adults. The loan bears interest at 15% per annum and matures on December 31, 2020. As consideration for the 60P Loan, Knight received the commercial rights of the Product for Canada, Israel and Russia. As at December 31, 2016, the nominal loan balance outstanding was $3,815 [US$2,842].

During the year ended December 31, 2017, Knight issued an additional $8,051 [US$6,303] to 60P bearing interest at 15% per annum and obtained the right to receive as cash payment a success fee of $753 [US$600]. In addition, on December 18, 2017, 60P submitted a NDA to the U.S. FDA for the Product. As at December 31, 2017, the nominal loan balance was $11,472 [US$9,145].

On February 8, 2018, 60P repaid $5,613 [US$4,460] reducing the nominal loan balance to $5,859 [US$4,685]. On April 24, 2018, Knight amended its loan agreement with 60P and committed to lend up to an additional $2,777 [US$2,100] at an interest rate of 15% ("Additional 60P Loan"), to support the regulatory approval and commercialization of Arakoda™ ("60P Amendment"). As consideration for the 60P Amendment, 60P committed to pay Knight an additional $3,848 [US$3,000] plus annual interest of 9% on April 23, 2023 ("60P Debenture"). Under the terms of the 60P Debenture, Knight has the right to convert the 60P Debenture into common shares of 60P at a pre-determined exercise price at any time prior to the maturity

date ("60P Conversion Feature"). Furthermore, 60P and Knight entered into an exclusive license agreement granting Knight the right to commercialize Arakoda™ in Latin America.

As a result of the 60P Amendment, the Company recorded the Additional 60P Loan and a hybrid financial instrument representing the 60P Debenture and the 60P Conversion Feature ("60P Hybrid Instrument") at their respective relative fair values of $1,554 [US$1,139] and $1,312 [US$961]. At the date of the transaction, the fair value of the Additional 60P Loan was $2,321 [US$1,809] determined using the discounted cash flow approach with a discount rate of 20.01%. The fair value of the 60P Hybrid Instrument was $1,958 [US$1,526] determined by the sum of the fair values of the 60P Debenture and 60P Conversion Feature derived respectively using the discounted cash flow approach and the Black-Scholes model.

The Product was approved by the FDA on August 9, 2018, for the prevention of malaria in adults traveling to areas where malaria is prevalent. As at December 31, 2018, the nominal loan balance was $9,290 [US$6,810].

Profound

On April 30, 2015, the Company entered into a secured debt agreement with Profound, whereby it issued $4,000 bearing interest at 15% per annum and maturing on June 3, 2019. On July 26, 2018, Knight received an early repayment of $3,188 from Profound, including full repayment of the outstanding principal, interest and fees.

Moksha8

On October 17, 2018 the Company entered into a $2,599 [US$2,000] short term promissory note with Moksha8 to fund its working capital requirements. The promissory note bears interest at 15% and was fully repaid on February 20, 2019, upon the execution of a strategic financing deal of up to $34,105 [US$25,000]. The promissory note is recorded at amortized cost which represents its fair value as at December 31, 2018.

Pediapharm

On March 30, 2015, the Company purchased $1,250 of convertible debentures of Pediapharm. On December 27, 2018, Knight received an early repayment of $1,305 from Pediapharm, including full repayment of the outstanding principal, interest and fees.

Intega and Crescita

On January 22, 2016, Knight entered into a secured loan agreement whereby it issued an aggregate amount of $9,000 to Intega to support a business acquisition ("Intega Loan"). On September 1, 2016, Crescita acquired Intega and the Intega Loan was amended and restated. As a result of the amendment and a partial repayment, the outstanding loan balance was $6,841 which was secured against a letter of credit.

On August 14, 2017, Knight amended its loan with Crescita. The amendment resulted in an early repayment of $2,488 reducing the principal balance to $4,100. Furthermore, the collateral on the loan was amended with the release of a letter of credit in exchange for a general security interest over Crescita's assets. The interest rate of 9% per annum and maturity date of January 22, 2022 remain unchanged.

Synergy

During 2015, the Company entered into secured debt agreements with Synergy, whereby it issued secured loans of $14,742 [US$11,500] bearing interest at 15% per annum. As at January 31, 2018, this amount has been fully repaid.

On August 9, 2017, Knight issued an additional three-year secured loan of $12,705 [US$10,000] with an annual interest rate of 10.5% to Synergy ("Additional Synergy Loan"). Additionally, Knight provided an ongoing credit facility of up to $25,090 [US$20,000] to be disbursed at Knight's sole discretion. Under IAS 39, the loan was recorded at a relative fair value of $11,454

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

[US$9,015] upon initial measurement and subsequently accounted for at amortized cost using an effective interest rate of 16.1%. Upon the adoption of IFRS 9, the loan was recorded at FVTPL.

PBB

On March 28, 2017, Knight assigned its PBB loan in exchange for payment of the principal balance of $17,450 [US$13,125] and all remaining accrued interest as at the date thereof.

Apicore

On December 30, 2016, the Company obtained an early repayment notice from Apicore. On January 6, 2017, Apicore repaid the remaining principal of its loan of $8,137 [US$6,158] and all remaining accrued interest as at the date thereof.

Section 9 – Strategic Investments

Fund Investments

Knight invests in life sciences venture capital funds in which the Company earns a return similar to any other limited partner in the fund and may receive preferential access to innovative healthcare products from around the world for Canada and select international markets. Since inception of the fund strategy, Knight has committed to invest with the following capital fund managers for approximately $126,653 of which $61,973 remains committed as at December 31, 2018. To date, the investments in venture capital funds have led to the Canadian in-license of Iluvien® from Alimera and a portfolio of products from Advaxis.

The fair value of the funds held by Knight, as at December 31, 2018, is $87,054.

	Fund Commitments	
Entity	**In Source Currency**	**In Canadian Dollars[1]**
Teralys Capital	C$30,000	$30,000
Domain Associates LLC	US$25,000	$29,063
Forbion Capital Partners	EUR 19,500	$27,550
Sectoral Asset Management[2]	US$13,000	$13,919
Sanderling Ventures LLC	US$10,000	$11,625
HarbourVest Partners LLC	C$10,000	$10,000
TVM Capital GmbH	US$1,600	$1,996
Bloom Burton Healthcare Lending Trust[3]	C$1,500	$1,500
Genesys Capital Management (Fund III) Inc.	C$1,000	$1,000
Total		**$126,653**

[1] *Converted at the Bank of Canada noon exchange rates as of the commitment date (using the December 31, 2018 closing rates total fund commitment would be $137,714)*

[2] *Knight received a full return of capital from its US$13,000 investment in Sectoral's NEMO II and subsequently committed to reinvest US$10,000 into Sectoral's NEMO III*

[3] *Represents an investment in a debt fund*

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

The following table summarizes the movement in fund investments during the year ended December 31, 2018, accounted for under IFRS 9.

	Carrying value beginning of year $	Additions[1] $	Distributions[2] $	Net gain on FA $	Foreign exchange[3] $	Carrying value end of year $	Current other financial assets $	Non-current other financial assets $
FVTPL	**54,968**	**27,169**	**(6,769)**	**6,937**	**4,749**	**87,054**	**—**	**87,054**

[1] Investments in equity or debt funds
[2] Distributions received from funds in the year ended December 31, 2018 generated realized gain of $1,879 (recorded in the current and historical consolidated statements of income through revaluation of the fund investments)
[3] Net changes due to foreign currency translation, recorded in the statement of income or statement of other comprehensive income

During the year ended December 31, 2018, Knight invested $27,169 [including US$8,568 and EUR 3,772] and received distributions of $6,769 [including US$1,275 and EUR 2,586]. The Company recorded a net increase of $6,937 in the statement of income due to mark to market adjustments. Furthermore, the Company recorded a net increase of $4,749 due to foreign currency revaluation, of which $900 is recorded in the statement of income in "Foreign exchange (gain) loss", and $3,849 is recorded in the statement of comprehensive income as "Unrealized gain (loss) on translation of foreign operations".

The following table summarizes the movement in fund investments during the year ended December 31, 2017, accounted for under IAS 39.

	Carrying value beginning of year $	Additions[1] $	Distributions[2] $	Realized gain/(loss)[3] $	Other[4] $	Carrying value end of year $	Current other financial assets $	Non-current other financial assets $
FVOCI	34,576	21,314	(8,083)	2,077	5,084	54,968	—	54,968

[1] Investments in equity or debt funds
[2] Distributions received from funds
[3] Realized gains on return of capital
[4] Net changes due to revaluation to fair market value, foreign currency revaluations, and realized gains reclassified from other comprehensive income to consolidated statement of income upon distribution or disposal

During the year ended December 31, 2017, Knight invested $21,314 [including US$9,752 and EUR 4,774] during the year and received distributions of $8,083 [including US$1,837 and EUR 2,867]. The Company recorded a net gain of $2,077 on financial assets related to the realized gain on distributions in the statement of income. Furthermore, the Company recorded a net increase of $5,084 in other comprehensive income due to foreign currency revaluation, mark-to-market adjustments and realized gains or losses reclassified from other comprehensive income to consolidated statement of income upon disposal in the statement of comprehensive income.

Forbion

During the year ended December 31, 2018, Knight recorded a mark to market adjustment on its investment in Forbion of $5,392 [EUR 3,582], of which $1,362 [EUR 860] is realized, as net gain on financial instruments measured at FVTPL. The mark to market adjustment is driven by the following significant activities that occurred in Forbion during 2018:

- In March 2018, it was announced that Lundbeck acquired Prexton, an investment held by Forbion. The transaction closed for an upfront cash payment of $158,670 [EUR 100,000] and up to $1,277,294 [EUR 805,000] in contingent payments. On March 29, 2018, Knight received a distribution of $3,899 [EUR 2,458] from Forbion upon close of the

acquisition of Prexton. Knight has not recorded any potential payments that are contingent on future events in the fair value of the asset.

- In July 2018, Replimune, an investment held by Forbion, completed an IPO on NASDAQ, raising over US$100 million at a valuation of US$15 per common share. On December 31, 2018, the price per share was US$10.
- In December 2018, it was announced that Staten Biotechnology signed a collaboration and option agreement with Novo Nordisk A/S for a total value of up to EUR 430,000. Knight has not recorded any potential payments that are contingent on future events in the fair value of the asset.

Other investments

Increased ownership in Crescita

On October 6, 2017, Knight received 566,471 common shares of Crescita pursuant to a share transfer agreement with a shareholder of Crescita. As at December 31, 2017, Knight owned an aggregate of 2,079,973 common shares of Crescita representing approximately 14.9% of its outstanding common shares, at a carrying amount of $1,144 which were valued using the quoted market price.

Knight received 2,079,973 rights (the "Rights") issued under the terms of Crescita's Rights Offering Circular dated February 2, 2018 (the "Rights Offering"). Each two Rights entitled Knight to subscribe for one common share of Crescita at $0.53 per share. On March 9, 2018, the Company exercised its Rights and invested $400 and received 754,716 common shares of Crescita under the Rights Offering. As at December 31, 2018, Knight owned an aggregate of 2,834,689 common shares of Crescita representing approximately 13.5% of its outstanding common shares, at a carrying amount of $1,260 which were valued using the quoted market price.

Antibe

On March 27, 2018, Knight exercised its Antibe Conversion Option and converted its $500 debenture into 2,489,889 common shares, which were all sold during 2018 for $1,011.

TXMD

On July 31, 2018, Knight entered into an exclusive licensing agreement for the commercial rights of TX-004HR and TX-001HR in Canada and Israel. In conjunction with the agreement, Knight invested $26,028 [USD$20,000] in the public offering of common shares of TXMD at a price of $6.64 [US$5.10] per share. As at December 31, 2018, the Company owned a nominal quantity of common shares of TXMD.

Jaguar

On September 24, 2018, Knight entered into a distribution, license and supply agreement with Jaguar that grants Knight the exclusive right to commercialize Mytesi® (crofelemer 125 mg delayed-release tablets) and related products in Canada and Israel and a right of first negotiation to commercialize Mytesi® and related products in specified Latin American countries. On October 2, 2018, Jaguar announced an underwritten public offering of 15,000,001 total shares of its common stock, at a public offering price of US$0.60 per share, for gross proceeds of approximately US$9.0 million. On October 4, 2018, Knight invested $1,161 [USD$900] in common shares of Jaguar at a price of $0.77 [US$0.60] per share and received 1,500,000 common shares. As at December 31, 2018, the Company owned 291,389 shares of Jaguar.

Pediapharm/Medexus

In October 2018, Pediapharm acquired two specialty pharmaceutical companies, Medexus Inc. and Medac Pharma Inc, and subsequently changed its name to Medexus Pharmaceuticals Inc. Prior to merger, Knight held 10,367,920 shares, or approximately 11.9%, of Pediapharm which converted to 691,194 shares, or approximately 4.7%, of Medexus Pharmaceuticals Inc. As at December 31, 2018, there was no further change in the number or percentage of shares owned.

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

For additional details regarding the movement in equities or derivatives held by Knight throughout the quarter, refer to note 11 "Other Financial Assets" of the Annual Financial Statements.

Section 10 – Rest of World Strategy

Knight's international strategy is focused on identifying potential products and companies that fit within its existing business model, but that are located in select areas such as Israel, Latin America, Middle East, Australia, Romania, Russia, Sub-Saharan Africa, and other countries excluding the U.S., Western Europe, Japan and China. Knight intends to continue its growth by becoming an international specialty pharmaceutical company and believes that these countries provide potentially significant growth and value opportunities.

Investment in Medison

On September 9, 2015, Knight acquired a 28.3% ownership interest in Medison, a privately-owned specialty pharmaceutical company based in Israel. The consideration given for the equity interest in Medison amounted to $82,001, which includes the fair value of 10,330,884 common shares of Knight issued to Medison and its controlling shareholder and a contingent consideration of $1,100. In addition, the Company incurred $217 of transaction costs which were capitalized with the investment. On June 16, 2016, the Company issued 250,000 common shares at a price of $8.29 per share for $2,073 and reduced the amount of contingent consideration recorded in contributed surplus upon the initial investment in Medison by $943. Consequently, the Company recorded an increase of $1,130 in the investment in associate. There is no further contingent consideration payable to Medison.

The interest in Medison is accounted for using the equity method of accounting. The investment was originally recorded at cost and subsequently adjusted to include the Company's share of Medison's net income and any dividends issued to the Company. The net income is adjusted to reflect the amortization of the fair value adjustments related to the Company's share of the net identifiable assets of Medison acquired and their tax impact.

This selected information is derived from our Annual Financial Statements.

	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17
Carrying value of investment	**79,145**	79,031	78,990	77,697	75,983	75,642	78,003	77,907
Amortization of FMV adjustments	**(1,377)**	(1,378)	(1,378)	(1,378)	(1,529)	(1,572)	(1,503)	(1,503)
Share of net income (loss), net of FMV adjustment	**114**	89	(151)	503	341	98	96	319
Dividends	**—**	—	—	—	—	2,459	—	2,525

The Company is presenting select financial information derived from Medison's consolidated financial statements, excluding amortization of fair value adjustments on acquisition in ILS using Israeli GAAP converted into IFRS in CAD for information purposes:

	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17
Revenues	**72,650**	63,482	64,260	60,259	57,399	56,030	51,749	51,264
Net income	**5,262**	5,189	4,352	6,653	6,614	5,906	5,655	6,445

For the year ended December 31,	**2018**	2017
	$	$
Revenue	**260,651**	216,442
Net income	**21,456**	24,597

RISK MANAGEMENT

Section 11

10.1 Currency Risk

Knight holds a significant portion of its net financial assets in US$ and EUR which results in financial risk due to fluctuations in the value of the currencies relative to the Canadian dollar. Assuming that all other variables remain constant, a 5% change in the Canadian dollar against the US$ and EUR would have resulted in a change in the statement of income and comprehensive income of $12,111 and $1,117, respectively.

10.2 Equity Price Risk

Equity price risk arises from changes in market prices of the equity and fund investments and derivatives. The carrying values of investments subject to equity price risk are $98,553 as at December 31, 2018 (December 31, 2017: $75,130). The Company monitors its equity investments for impairment on a periodic basis and at least every reporting period. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company's Board of Directors regularly reviews and approves equity investment decisions.

10.3 Interest Rate Risk

The Company is subject to interest rate risk on its cash, cash equivalents and marketable securities. Details regarding maturity dates and effective interest rates are described in notes 6 and 7 of the Annual Financial Statements. The Company does not believe that the results of operations or cash flows would be materially affected to any significant degree by a sudden change in market interest rates relative to interest rates on the investments, owing to the relatively short-term nature of the marketable securities and currently low market yields.

10.4 Liquidity Risk

The majority of the Company's financial liabilities are short term in nature. The Company generates sufficient cash from operating activities to fund its operations and fulfil its obligations as they become due. The Company has sufficient funds available through its cash, cash equivalents and marketable securities, should its cash requirements exceed cash generated from operations to cover all financial liability obligations. As at December 31, 2018, there were no restrictions on the flow of these funds nor have any of these funds been committed in any way, except as set out in note 26 of the Annual Financial Statements.

10.5 Credit Risk

The Company considers its maximum credit risk to be $125,270 (2017: $122,490) which is the total of the following assets; trade and accounts receivable, interest receivable, loans receivable and investment in funds.

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

The marketable securities and cash equivalent balances are subject to minimal risk of changes in value and are invested in institutions with a S&P or DBRS credit rating of A or R1(low) or better which are invested in the following:

- three Canadian financial institutions & three foreign affiliates of Canadian financial institutions
- one Canadian insurance company & one Canadian corporation
- five Canadian credit unions

The Company is exposed to credit risk from its customers and continually monitors its customers' credit. It establishes the ECL based upon days past due and the likelihood of collection for each customer. The credit risk on loans and interest receivable is due to the risk of insolvency or operational failure of the partners in the strategic lending transaction. The Company has assessed that loans measured at FVTPL have S&P credit ratings between CCC+ and CC. The Company also has a credit risk on its investment in funds and derivatives which are held through venture funds or issued by a counterparty.

10.6 Risk Factors

For a detailed discussion of additional risk factors, please refer to the Company's Annual Information Form for the year ended December 31, 2018 on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Section 12 – Selected Annual Financial Information

This selected information is derived from our Annual Financial Statements.

	2018	2017	2016
Revenues	**12,500**	8,634	5,940
Net income	**24,079**	17,244	18,560
Basic earnings per share	**0.17**	0.12	0.15
Diluted earnings per share	**0.17**	0.12	0.15
Total assets	**1,051,832**	1,005,983	990,770
Total non-current liabilities	**4,615**	515	1,294

The Company has not paid dividends on its common shares and does not anticipate declaring any dividends in the near future.

Section 13 – Selected Quarterly Financial Information

This selected information is derived from our Annual Financial Statements.

	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17
Revenues	**3,888**	3,220	2,238	3,154	2,544	1,860	2,480	1,750
Net income	**221**	12,930	4,019	6,909	7,145	3,593	459	6,047
EPS								
Basic	**0.002**	0.091	0.028	0.048	0.050	0.025	0.003	0.042
Diluted	**0.002**	0.090	0.028	0.048	0.050	0.025	0.003	0.042
Cash, cash equivalents and marketable securities	**787,062**	775,046	806,746	802,425	765,033	761,087	761,161	763,778
Total assets	**1,051,832**	1,041,506	1,029,133	1,016,853	1,005,983	993,467	991,980	994,293
Total non-current liabilities	**4,615**	3,261	1,127	1,171	515	1,028	1,200	1,263

The Company has not paid dividends on its common shares and does not anticipate declaring any dividends in the near future.

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

Section 14 – Outstanding Share Data

The table below summarizes the share data:

As at	March 13, 2019
Common Shares	142,850,512
Stock Options	4,125,157
Warrants	406,126

Section 15 – Use of Proceeds from Financing

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

As at December 31, 2018, Knight had deployed or invested or committed to deploy or invest over $350,000 for the purposes disclosed in the prospectuses, as described above. Pending the application of the remainder of the net proceeds, Knight has invested part of the net proceeds in short-term investment-grade securities and bank deposits, and holds the remainder in cash. Knight anticipates that it has sufficient funds available to achieve its business objectives and milestones as listed in the prospectuses.

Section 16 – Payment of Dividends

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

Section 17 – Product Pricing Regulation on Certain Patented Drug Products

All patented drug products that form part of Knight's portfolio of products are subject to pricing regulation by the PMPRB, a federal agency tasked with ensuring that prices of patented medicines are not excessive. For new patented products, the maximum non-excessive price in Canada is limited to a range with a lower bound set by the prices of existing comparable drugs sold in Canada and an upper bound set by the median prices for the same drug sold in a specified set of developed comparator countries. For existing patented products, prices cannot be increased annually by more than a factor based on Statistics Canada's Consumer Price Index. The PMPRB monitors compliance through a review of the average transaction price of each patented drug product as reported by pharmaceutical companies like Knight on a semi-annual basis. The PMPRB may from time to time deem certain of Knight's existing or future patented products to be excessively priced based on the application of its empowering legislation and regulations, including those related to price increases, the comparative assessment of new products and reductions in the highest price in international reference countries. Such determinations by the PMPRB may have a material adverse effect on Knight's financial condition and results of operations or cash flows.

The Canadian federal government has made a commitment to reduce the cost of prescription drug pending in Canada. On December 2, 2017, Health Canada published the following proposed key changes:

- changes in the comparator countries used to determine price ceilings. The changes include removal of the US (which generally has the highest international drug prices) and Switzerland and addition of seven new countries judged to have similar consumer protection-oriented mandates and relative wealth as Canada;
- new, economics-based price regulatory factors to allow the PMPRB to regulate based on the value of a medicine and its impact on the health care system; and,
- changes to certain reporting requirements, including reporting all discounts and rebates provided to third-party payers, such as provincial drug plans.

On June 25, 2018, the PMPRB presented a draft guidelines implementation framework which is intended to give effect of the proposed changes. The proposed amendments, if enacted, are expected to result in a decrease in the prices of patented drugs in Canada. The proposed regulations initially expected to come into force on January 1, 2019 has been delayed due to government reviews feedback and the precise nature and timing of these changes (including the potential retroactive application of some) will not be known until the full consultation and Canada Gazette publication processes are completed.

The final form of regulatory changes to the PMPRB may have a significant adverse effect on the price of patented drugs sold by the Corporation in Canada and may limit the Corporation's ability to in-license and launch products in Canada due to more restrictive pricing regulations.

Section 18 – Financial Instruments

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

Knight has not entered into any currency or other hedging instrument contracts during the period ended December 31, 2018. Refer to notes 11 and 12 of the Annual Financial Statements for the year ended December 31, 2018 for additional information.

Section 19 – Off-balance Sheet Arrangements

The Company's off-balance sheet arrangements consist of contractual obligations and agreements for development, sales, marketing and distribution rights to innovative drug products. The effect of terminating these arrangements under normal operating circumstances consists of an effective transition of the remaining responsibilities and obligations to the licensor under agreed upon time frames and conditions. Please refer to note 26 of the Annual Financial Statements for the year ended December 31, 2018 for additional information. Other than these contractual obligations and commitments, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, changes in revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

Section 20 – 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 considered normal operating commitments and as such not included herein. The Company has entered into various agreements which include contractual obligations extending beyond the current year. These obligations are classified into four major categories: operating lease, fund commitments, milestones and purchase commitments, and equity commitments.

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

[i] Operating Lease

The Company is committed under operating leases for the lease of its premises. Future minimum annual payments are as follows:

	$
2019	301
2020	301
2021	293
2022	230
2023	—
Total	**1,125**

As at March 13, 2019, the operating lease commitment has decreased by $75.

[ii] Fund commitments

As at December 31, 2018, under the terms of Company's agreements with life sciences venture capital funds, $61,973 (2017: $84,508), including $17,714 [US$12,985] and $13,650 [EUR 8,743], may be called over the life of the funds (based on the closing foreign exchange rates).

As at March 13, 2019, $56,294 remains to be called by life science venture capital funds.

[iii] 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 in Canada. The Company may have to pay up to $99,277 including $31,793 [US$23,305] and $547 [EUR 350] upon achieving certain sales volumes, regulatory or other milestones related to specific products.

In addition, Knight has a commitment to purchase up to $2,135 [EUR 738 and US$721], of inventory for pharmaceutical products during the five-year period after their respective commercial launch. Furthermore, Knight has committed to certain sales force and marketing spend obligations during the five-year period after the commercial launch of one of its products.

As at March 13, 2019, the additional consideration related to sales and regulatory milestones has increased by $7,682 [including US$500].

[iv] Equity commitment

Subject to a loan agreement with a borrower, Knight has committed to up to a maximum equity investment of $3,411 [US$2,500] to participate in the initial public offering of the borrower.

Section 21 – Related Party Transactions

Pharmascience Inc., a company related to the Company's CEO, provided administrative services of approximately $10 to the Company for the year ended December 31, 2018.

Section 22 – Segment Reporting

The Company has one reportable segment, and our principal business activity is focused on developing, acquiring, in-licensing, out-licensing, marketing and distributing pharmaceutical products, consumer health products and medical devices in Canada and select international markets.

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

Section 23 – Significant Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities 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 2018 Annual Financial Statements.

Section 24 – Accounting Pronouncements Adopted in 2018

The Company applied IFRS 9 and IFRS 15 for the first time effective January 1, 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Refer to note 4 of the Annual Financial Statements for further details on the new accounting standards adopted. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Impact of transition to IFRS 9

Upon adoption of IFRS 9, the Company has not restated prior periods and the impact of the transition is as follows:

	As at December 31, 2017			As at January 1, 2018			
	IAS 39 Classification	IAS 39 Measurement	IAS 39 Carrying amount	IFRS 9 Classification & Measurement	IFRS 9 Carrying amount	Impact on Opening RE	Impact on AOCI
Cash	FVPL	FVPL	490,951	Amortized Cost	490,951	—	—
Cash Equivalents	FVPL	FVPL	5,509	Amortized Cost	5,509	—	—
Marketable securities	FVPL	FVPL	268,573	Amortized Cost	268,573	—	—
Loans and other receivables	Loans and receivables	Amortized Cost	59,819	Amortized Cost[1]	2,034	—	—
		FVPL	n/a	FVPL[2]	58,330	521	—
Equity investments	AFS	FVOCI	19,425	FVOCI	13,050	1,403	(1,403)
		FVPL	n/a	FVPL	6,375	670	(670)
Derivatives	FVPL	FVPL	1,624	FVPL	1,624	—	—
Fund investments	AFS	FVOCI	54,968	FVPL	54,968	9,619	(9,619)
Transition impact						**12,213**	**(11,692)**

[1] Strategic loans to Antibe and Pediapharm and other long-term receivables classified as amortized cost
[2] On transition, a Deferred day 1 gain of $1,125 remains to be recognized over term of loans. Refer to note 12 for additional details.

The transition to the new standard resulted in no adjustments to financial liabilities.

The impact on opening retained earnings and accumulated other comprehensive income is summarized below:

	RE	AOCI
Closing balance under IAS 39 (December 31, 2017)	195,830	20,907
Transition impact	12,213	(11,692)
Opening balance under IFRS 9 (January 1, 2018)	**208,043**	**9,215**

Impact of transition to IFRS 15

The transition to the new standard resulted in no adjustment to opening retained earnings as at January 1, 2018.

Section 25 – Recent Accounting Pronouncements

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16") which is effective on January 1, 2019 and replaces IAS 17 Leases ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is less than 12 months or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained.

The Company will adopt IFRS 16 effective January 1, 2019, using the modified retrospective approach and will elect to use the exemptions proposed by the standard on lease contracts for which lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company expects to recognize $1,121 of right-of-use assets and $1,139 of lease liabilities with no material net impact on opening retained earnings.

IFRIC 23 Uncertainty over Income Tax Treatment

In June 2017, the IASB released IFRIC 23 Uncertainty over income tax treatments ("IFRIC 23"), which is effective on January 1, 2019. IFRIC 23 clarifies accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes and does not apply to taxes outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. The Company is currently assessing the impact of this IFRIC on its consolidated financial statements.

Section 26 – 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 27 – Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate ICFR. The Company has designed ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS.

Management has evaluated the design and operating effectiveness of its ICFR as defined in NI 52-109. The evaluation was based on the criteria established in the "Internal Control-Integrated Framework" issued by the COSO. This evaluation was performed internally by the Company. Based on this evaluation, management concluded that the ICFR were appropriately designed and operating effectively, as at December 31, 2018.

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 year, 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.

Section 28 – Subsequent Events

[i] Puma

In January 2019, the Company entered into an exclusive license agreement with Puma for the exclusive right to commercialize NERLYNX® (neratinib) in Canada. Puma filed an NDS for NERLYNX® with Health Canada in July 2018 for the extended adjuvant treatment of adult patients with early stage HER2-overexpressed/amplified breast cancer following adjuvant trastuzumab-based therapy. Knight will pay up to $9,728, including $2,728 [US$2,000] for upfront and milestone payments.

[ii] Moksha8

On February 15, 2019, the Company entered into a strategic financing agreement with Moksha8, a specialty pharmaceutical company operating in Brazil and Mexico, for up to $170,525 [US$125,000]. Under the terms of the agreement, Knight may loan up to $34,105 [US$25,000] in working capital funding, from which $13,134 [US$10,000] was issued on the closing of the agreement. The loan bears interest at 15% per annum and matures five years from the issuance date. The Company may issue up to an additional $136,420 [US$100,000] at Knight's sole discretion for corporate development and the acquisition of product licenses. In conjunction with the strategic financing agreement, Knight received warrants at an exercise price of US$0.01 per warrant representing 5% of the fully diluted shares of Moksha8.

[iii] Triumvira

On February 20, 2019, the Company entered into a secured loan agreement with Triumvira for $6,585 [US$5,000] for the development of its novelty T cell therapies. The loan bears interest at 15% per annum and matures on February 20, 2020. In addition, Knight received warrants to purchase 3.5% of Triumvira's fully diluted common shares and the exclusive right to commercialize Triumvira's future approved products in Canada, Israel, Mexico, Colombia and for TAC01-CD19 for Israel, Mexico, Brazil and Colombia.

[iv] Medison Dividend

On March 4, 2019, Medison's board of directors declared and approved dividends of $4,153 [ILS 11,308] payable to Knight.