



*Source: Knight Therapeutics*

*March 19, 2015 06:00 ET*

## **Knight Reports Fourth Quarter and Year Ended December 31, 2014 Results**

**MONTREAL, QUEBEC--(Marketwired - March 19, 2015)** - Knight Therapeutics Inc. (TSX:GUD) ("Knight" or the "Company"), a leading Canadian specialty pharmaceutical company, today reported financial results for its fourth quarter and year ended December 31, 2014.

### **Highlights**

- Knight committed to invest over \$110 million into five life sciences funds. These funds (managed by Sectoral Asset Management Inc., Forbion Capital Partners, Teralys Capital, Domain Associates, L.L.C., and Sanderling Ventures, L.L.C.) all have the ability to leverage their broad life sciences industry experience and existing relationships with key life science companies to help secure Canadian and select international product rights for the Company.
- Knight provided over \$40 million of secured loans in three separate transactions: Origin Biomed Inc., Apicore Inc. and CRH Medical Corporation. These secured loans were made with the objective of deploying capital in low risk, fair return opportunities while helping to secure Canadian and select international product rights.
- Knight acquired multiple product rights through an asset purchase agreement with Orphan Canada Inc. in September 2014.
- Knight obtained FDA approval for Impavido<sup>(R)</sup> in the United States for leishmaniasis, a neglected tropical disease, and was issued a priority review voucher in March 2014 which was subsequently sold to Gilead Sciences, Inc. by one of Knight's wholly owned subsidiaries for gross proceeds of \$142 million [US\$125 million] in November 2014.
- Knight closed three separate equity raises at increasing valuations totalling approximately \$355 million in gross proceeds.

### **Financial Results Reported in Canadian Dollars**

For the quarter ended December 31, 2014, the Company reported revenues of \$109,608 and net income of \$124,981,439. For the year ended December 31, 2014, the Company reported revenues of \$365,323 and net income of \$125,858,872. As at December 31, 2014, the Company had \$416.8 million in cash and marketable securities and 90,818,595 common shares outstanding.

"I said from the beginning that Knight won't rest until it is at least as successful as Paladin, and after one year of operations, I can confidently say that we are off to a GUD start," said Jonathan Ross Goodman, President and CEO of Knight Therapeutics Inc. "In the year ahead, we look forward to expanding our team to focus on strategy execution and continuing to build our pipeline of innovative specialty products."

### **Conference Call Notice**

Knight will host a conference call to discuss its fourth quarter and year end results today at 8:30 am ET. Investors and other interested parties may call 1-877-223-4471 (Operator Assisted Toll-Free) or 647-788-4922 (local or international).

A taped replay of the conference call will be available from today at 11:30 a.m. ET until Sunday, April 19, 2015 at 11:59 p.m. ET. To access the replay, please call 1-800-585-8367 or 416-621-4642 and use access code 69038102.

Knight expects to release its first quarter 2015 financial results on the morning of Wednesday, May 13, 2015.

About Knight Therapeutics Inc.

Knight Therapeutics Inc., headquartered in Montreal, Canada, is a specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian and world markets. Knight's shares began trading on TSX-V on March 3, 2014 and graduated to TSX on April 29, 2014 under the symbol GUD. For more information about Knight Therapeutics Inc., please visit the company's website at <http://www.gud-knight.com> or at [www.sedar.com](http://www.sedar.com).

## Forward-Looking Statement

This press release may contain forward-looking statements and predictions. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions that these assumptions regarding the future events, many of which are beyond the control of the Company and its subsidiaries, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations, are discussed in the Company's Listing Application dated February 21, 2014 and its short form prospectus dated December 16, 2014. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information or future events, except as required by law.

## CONSOLIDATED BALANCE SHEETS

[In Canadian dollars]

As at December 31

|                                             | 2014               | 2013     |
|---------------------------------------------|--------------------|----------|
|                                             | \$                 | \$       |
| <b>ASSETS</b>                               |                    |          |
| <b>Current</b>                              |                    |          |
| Cash                                        | 283,445,451        | 1        |
| Marketable securities                       | 133,411,500        | -        |
| Accounts receivable                         | 740,545            | -        |
| Inventory                                   | 601,780            | -        |
| Other current financial assets              | 10,089,462         | -        |
| Other current assets                        | 283,867            | -        |
| <b>Total current assets</b>                 | <b>428,572,605</b> | <b>1</b> |
| Property and equipment                      | 47,728             | -        |
| Intangible assets                           | 845,761            | -        |
| Other financial assets                      | 57,147,077         | -        |
| <b>Total assets</b>                         | <b>486,613,171</b> | <b>1</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                    |          |
| <b>Current</b>                              |                    |          |
| Accounts payable and accrued liabilities    | 2,089,911          | -        |
| Income taxes payable                        | 4,492,701          | -        |
| Deferred revenue                            | 1,039,825          | -        |
| <b>Total current liabilities</b>            | <b>7,622,437</b>   | <b>-</b> |
| <b>Shareholders' equity</b>                 |                    |          |
| Share capital                               | 341,065,000        | 1        |
| Contributed surplus                         | 2,100,025          | -        |
| Accumulated other comprehensive income      | 9,966,837          | -        |
| Retained earnings                           | 125,858,872        | -        |
| <b>Total shareholders' equity</b>           | <b>478,990,734</b> | <b>1</b> |
|                                             | <b>486,613,171</b> | <b>1</b> |

## CONSOLIDATED STATEMENTS OF INCOME

|                                                             | Year ended<br>December 31,<br>2014 | Period from<br>Incorporation on<br>November 1, 2013<br>to December 31,<br>2013 |
|-------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------|
|                                                             | \$                                 | \$                                                                             |
| <b>REVENUE</b>                                              | <b>365,323</b>                     | -                                                                              |
| <b>EXPENSES</b>                                             |                                    |                                                                                |
| General and administrative                                  | 4,283,437                          | -                                                                              |
| Research and development                                    | 1,028,516                          | -                                                                              |
|                                                             | (4,946,630 )                       | -                                                                              |
| Depreciation of property and equipment                      | 21,955                             | -                                                                              |
| Amortization of intangible assets                           | 63,234                             | -                                                                              |
| Interest expense                                            | 23,538                             | -                                                                              |
| Interest income                                             | (3,899,865 )                       | -                                                                              |
| Gain on sale of intangible asset                            | (129,370,762 )                     | -                                                                              |
| Other income                                                | (435,388 )                         | -                                                                              |
| Net gain on financial assets                                | (15,706 )                          | -                                                                              |
| Foreign exchange gain                                       | (2,387,268 )                       | -                                                                              |
| <b>Income before income taxes</b>                           | <b>131,053,632</b>                 | -                                                                              |
| Income tax expense                                          | 4,422,640                          | -                                                                              |
| Deferred income tax expense                                 | 772,120                            | -                                                                              |
| <b>Net income for the year</b>                              | <b>125,858,872</b>                 | -                                                                              |
| <b>Basic and diluted earnings per share</b>                 | <b>\$2.20</b>                      | -                                                                              |
| <b>Weighted average number of common shares outstanding</b> |                                    |                                                                                |
| Basic                                                       | 57,248,473                         | 1                                                                              |
| Diluted                                                     | 57,295,716                         | 1                                                                              |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In Canadian dollars]

|                                                                                               | Year ended<br>December 31,<br>2014 | Period from<br>Incorporation on<br>November 1, 2013<br>to December 31,<br>2013 |
|-----------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------|
|                                                                                               | \$                                 | \$                                                                             |
| <b>Net income for the year</b>                                                                | <b>125,858,872</b>                 | -                                                                              |
| <b>Other comprehensive income to be reclassified to income or loss in subsequent periods:</b> |                                    |                                                                                |
| Unrealized gain on available-for-sale financial instruments (net of tax of \$1,101,032)       | 6,767,687                          | -                                                                              |
| Unrealized gain on translating financial statements of foreign operations                     | 3,199,150                          | -                                                                              |
| <b>Other comprehensive income for the year</b>                                                | <b>9,966,837</b>                   | -                                                                              |
| <b>Comprehensive income for the year</b>                                                      | <b>135,825,709</b>                 | -                                                                              |

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

|                                                                                             | Share<br>capital | Warrants       | Contributed<br>surplus | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Total<br>shareholders'<br>equity |
|---------------------------------------------------------------------------------------------|------------------|----------------|------------------------|-------------------------------------------------|----------------------|----------------------------------|
|                                                                                             | \$               | \$             | \$                     | \$                                              | \$                   | \$                               |
| <b>Balance on<br/>Incorporation<br/>and as at<br/>January 1,<br/>2014</b>                   | <b>1</b>         | <b>-</b>       | <b>-</b>               | <b>-</b>                                        | <b>-</b>             | <b>1</b>                         |
| Net income for<br>the year                                                                  | -                | -              | -                      | - 125,858,872                                   | 125,858,872          |                                  |
| Unrealized<br>gain on<br>available-for-<br>sale financial<br>instruments                    | -                | -              | -                      | 6,767,687                                       | -                    | 6,767,687                        |
| Unrealized<br>gain on<br>translating<br>financial<br>statements of<br>foreign<br>operations | -                | -              | -                      | 3,199,150                                       | -                    | 3,199,150                        |
| Share-based<br>compensation<br>expense                                                      | -                | -              | 1,804,898              | -                                               | -                    | 1,804,898                        |
| Issuance of<br>common<br>shares as part<br>of Business<br>Separation<br>Agreement           | 11,909,000       | -              | -                      | -                                               | -                    | 11,909,000                       |
| Issuance of<br>warrants, net of<br>costs and<br>deferred tax                                | -                | 245,734,723    | 491,877                | -                                               | -                    | 246,226,600                      |
| Deemed<br>exercise of<br>Special<br>Warrants into<br>common<br>shares                       | 245,734,723      | (245,734,723 ) | -                      | -                                               | -                    | -                                |
| Issuance of<br>shares upon<br>financing, net<br>of costs and<br>deferred tax                | 83,071,591       | -              | -                      | -                                               | -                    | 83,071,591                       |
| Exercise of<br>compensation<br>warrants                                                     | 620,148          | -              | (196,750 )             | -                                               | -                    | 423,398                          |
| Issuance of<br>shares for                                                                   | 294,084          | -              | -                      | -                                               | -                    | 294,084                          |

|                                              |                    |          |                  |                  |                    |                    |
|----------------------------------------------|--------------------|----------|------------------|------------------|--------------------|--------------------|
| acquisition of product rights                |                    |          |                  |                  |                    |                    |
| Issuance of shares under share purchase plan | 30,453             | -        | -                | -                | -                  | 30,453             |
| Share purchase loans                         | (595,000 )         | -        | -                | -                | -                  | (595,000 )         |
| <b>Balance as at December 31, 2014</b>       | <b>341,065,000</b> | <b>-</b> | <b>2,100,025</b> | <b>9,966,837</b> | <b>125,858,872</b> | <b>478,990,734</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

[In Canadian dollars]

|                                                             | Year ended<br>December 31,<br>2014<br>\$ | Period from<br>Incorporation on<br>November 1, 2013 to<br>December 31, 2013<br>\$ |
|-------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                 |                                          |                                                                                   |
| <b>Net income</b>                                           | 125,858,872                              | -                                                                                 |
| Adjustments reconciling net income to operating cash flows: |                                          |                                                                                   |
| Deferred tax                                                | 772,120                                  | -                                                                                 |
| Share-based compensation                                    | 1,804,898                                | -                                                                                 |
| Acquisition of product rights                               | 294,084                                  | -                                                                                 |
| Depreciation of property and equipment                      | 21,955                                   | -                                                                                 |
| Amortization of intangible assets                           | 63,234                                   | -                                                                                 |
| Accretion of interest                                       | (348,876 )                               | -                                                                                 |
| Other income                                                | (424,583 )                               | -                                                                                 |
| Gain on sale of other current financial assets              | (31,546 )                                | -                                                                                 |
| Gain on sale of intangible asset                            | (129,370,762 )                           | -                                                                                 |
| Unrealized loss on derivative                               | 15,840                                   | -                                                                                 |
| Unrealized foreign exchange gain                            | (2,410,213 )                             | -                                                                                 |
| Changes in non-cash working capital related to operations   | 4,510,390                                | -                                                                                 |
| Deferred revenue                                            | 47,930                                   | -                                                                                 |
| <b>Cash inflow from operating activities</b>                | <b>803,343</b>                           | <b>-</b>                                                                          |
| <b>INVESTING ACTIVITIES</b>                                 |                                          |                                                                                   |
| Purchase of marketable securities                           | (133,411,500 )                           | -                                                                                 |
| Purchase of other current financial assets                  | (2,238,721 )                             | -                                                                                 |
| Proceeds from disposal of other current financial assets    | 169,880                                  | -                                                                                 |
| Investment in funds                                         | (14,157,772 )                            | -                                                                                 |
| Issuance of loans receivable                                | (38,941,363 )                            | -                                                                                 |
| Purchase of property and equipment                          | (69,683 )                                | -                                                                                 |
| Proceeds from sale of intangible asset, net                 | 139,563,959                              | -                                                                                 |
| <b>Cash outflow from investing activities</b>               | <b>(49,085,200 )</b>                     | <b>-</b>                                                                          |
| <b>FINANCING ACTIVITIES</b>                                 |                                          |                                                                                   |
| Net impact of Business Separation Agreement                 | 1,000,000                                | -                                                                                 |

|                                                 |                    |          |
|-------------------------------------------------|--------------------|----------|
| Net proceeds from warrants issuance             | 244,826,712        | -        |
| Net proceeds from share issuance                | 83,035,790         | 1        |
| Proceeds from exercise of compensation warrants | 423,398            | -        |
| Share purchase loans                            | (595,000 )         | -        |
| Share purchase plan                             | 30,453             | -        |
| Loan from related party                         | 2,500,000          | -        |
| Repayment of loan from related party            | (2,500,000 )       | -        |
| <b>Cash inflow from financing activities</b>    | <b>328,721,353</b> | <b>1</b> |
| <b>Increase in cash during the year</b>         | <b>280,439,496</b> | <b>1</b> |
| Cash, beginning of year                         | 1                  | -        |
| Net foreign exchange difference                 | 3,005,954          | -        |
| <b>Cash, end of year</b>                        | <b>283,445,451</b> | <b>1</b> |

The following amounts are classified within operating activities:

|                   |           |   |
|-------------------|-----------|---|
| Interest received | 2,920,285 | - |
| Interest paid     | 22,534    | - |

Contact Information:

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