



Source: Knight Therapeutics

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Knight Reports Fourth Quarter and Year-Ended December 31, 2015 Results

MONTREAL, CANADA--(Marketwired - March 24, 2016) - 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, 2015.

2015 Highlights

- Knight secured the rights to over 20 innovative pharmaceutical products, consumer health products and medical devices, in various stages of development, for Canada and select international markets.
- Knight provided over \$40 million of secured loans in 9 separate transactions with the objective of deploying capital in low risk, fair return opportunities while helping to secure Canadian and select international product rights.
- Knight committed to invest over \$12 million into three life sciences funds which 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. To date, Knight has invested approximately \$125 million into eight proven life science funds.
- Knight sold the U.S. rights to Neuragen® for minimum aggregate consideration of \$1.5 million [US\$1.2 million] and selected Profounda Inc. ("Profounda") as its commercialization partner in the U.S. for Impavido®(miltefosine).
- Knight expanded internationally into Israel through a strategic partnership via an equity swap with Medison Biotech (1995) Ltd., Israel's fourth largest specialty pharma company by revenue.
- Knight added two consumer health products with sales in Canada: Neuragen® and Flat Tummy Tea.

Subsequent to the Year Ended December 31, 2015 Highlights

- Knight issued secured loans to INTEGA Skin Sciences Inc. and Medimetriks Pharmaceuticals, Inc.
- Knight entered into an exclusive licensing agreement with Braeburn Pharmaceuticals, Inc. to commercialize PROBUPHINE® in Canada, and announced that it will distribute and sell Impavido® in all countries other than the U.S. following the termination of its out-license agreement with Endo International plc.

Financial Results Reported in Thousands of Canadian Dollars

For the quarter ended December 31, 2015, the Company reported revenue of \$343 and net income of \$5,554. For the year ended December 31, 2015, the Company reported revenue of \$1,037 and net income of \$34,167. As at December 31, 2015, the Company had \$471,207 in cash, cash equivalents and marketable securities and 103,474,367 common shares outstanding.

"In 2015, we deployed or committed over \$70 million in low risk, fair return opportunities while making substantial progress towards selling innovative products that touch the lives of patients. To that end, Knight now has secured the rights to a basket of over 20 products in various stages of development for Canada," said Jonathan Ross Goodman, President and CEO of Knight Therapeutics Inc. "In the year ahead, we will continue to focus on acquiring new product rights that improve the health of Canadians and work toward bringing our pipeline to market."

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 Thursday, April 21, 2016 at 11:59 p.m. ET. To access the replay, please call 1-800-585-8367 or 416-621-4642 and use access code 79492415.

Notice of First Quarter 2016 Results

Knight expects to release its first quarter 2016 financial results on the morning of Tuesday, May 10, 2016. Knight expects to hold a conference call at 8:30 am ET on the morning of the release. All interested parties are cordially invited to attend. Investors and other interested parties may call 1-877-223-4471 (Operator Assisted Toll-Free) or 647-788-4922 (local or international).

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 select international markets. Knight Therapeutics Inc.'s shares trade on TSX under the symbol GUD. For more information about Knight Therapeutics Inc., please visit the company's web site at www.gud-knight.com or www.sedar.com.

Forward-Looking Statement

This document contains forward-looking statements for Knight Therapeutics Inc. and its subsidiaries. These forward looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Knight Therapeutics Inc. considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of Knight Therapeutics Inc. and its subsidiaries, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations are discussed in Knight Therapeutics Inc.'s Annual Report and in Knight Therapeutics Inc.'s Annual Information Form for the year ended December 31, 2015. Knight Therapeutics Inc. 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 thousands of Canadian dollars]

As at December 31

	2015	2014
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	237,481	283,445
Marketable securities	233,726	133,412
Accounts receivable	2,994	1,024
Inventory	1,460	602
Other current financial assets	23,588	10,090
Income taxes receivable	231	-
Total current assets	499,480	428,573
Property and equipment	18	48
Intangible assets	3,320	846
Other financial assets	62,616	57,147
Investment in associate	81,027	-
Deferred income tax assets	2,527	-
Total assets	648,988	486,614

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	2,416	2,090
Income taxes payable	4,031	4,493
Deferred revenue	293	1,040
Total current liabilities	6,740	7,623
Deferred income tax liabilities	186	-
Total liabilities	6,926	7,623
Shareholders' equity		
Share capital	439,148	341,065
Warrants	161	-
Contributed surplus	6,772	2,100
Accumulated other comprehensive income	35,955	9,967
Retained earnings	160,026	125,859
Total shareholders' equity	642,062	478,991
	648,988	486,614

Knight Therapeutics Inc.

CONSOLIDATED STATEMENTS OF INCOME

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

Year ended December 31

	2015	2014
	\$	\$
Revenue	1,037	365
Cost of goods sold	428	-
Gross margin	609	365
Expenses		
General and administrative	9,086	4,283
Research and development	2,707	1,029
	(11,184)	(4,947)
Depreciation of property and equipment	30	22
Amortization of intangible assets	94	63
Interest expense	-	23
Interest income	(18,632)	(3,900)
Other income	(2,860)	(435)
Net gain on financial assets	(17,347)	(16)
Gain on sale of intangible asset	-	(129,371)
Purchase gain on business combination	(515)	-
Net loss on settlement of loans receivable	650	-
Foreign exchange gain	(8,579)	(2,387)
Share of net income of associate	(1,041)	-
Income before income taxes	37,016	131,054
Income tax expense	1,939	4,423
Deferred income tax expense	910	772
Net income for the year	34,167	125,859
Attributable to shareholders of the Company		
Basic earnings per share	\$0.36	\$2.20
Fully diluted earnings per share	\$0.35	\$2.20

Weighted average number of common shares outstanding

Basic	96,191,285	57,248,473
Diluted	<u>96,532,104</u>	<u>57,295,716</u>

Knight Therapeutics Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of Canadian dollars]

Year ended December 31

	2015	2014
	\$	\$
Net income for the year	<u>34,167</u>	125,859
Realized gain on available-for-sale financial instruments reclassified to statement of income (net of tax of \$1,345 (2014 - \$nil))	(8,654)	-
Other comprehensive income to be reclassified to income in subsequent periods:		
Unrealized gain on available-for-sale financial instruments (net of tax of \$528 (2014 - \$1,101))	7,083	6,768
Unrealized gain on translating financial statements of foreign operations	<u>27,559</u>	3,199
Other comprehensive income for the year	<u>25,988</u>	9,967
Comprehensive income for the year	<u>60,155</u>	<u>135,826</u>

Knight Therapeutics Inc.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[In thousands of Canadian dollars]

	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
	\$	\$	\$	\$	\$	\$
Balance on January 1, 2014	-	-	-	-	-	-
Net income for the year	-	-	-	-	125,859	125,859
Unrealized gain on available-for-sale financial instruments, net of tax of \$1,101	-	-	-	6,768	-	6,768
Unrealized gain on translating financial statements of foreign operations	-	-	-	3,199	-	3,199
Comprehensive Income	-	-	-	9,967	125,859	135,826
Share-based compensation expense	-	-	1,805	-	-	1,805
Issuance of common	11,909	-	-	-	-	11,909

shares as part of Business Separation Agreement						
Issuance of warrants, net of costs and deferred tax	-	245,735	492	-	-	246,227
Deemed exercise of Special Warrants into common shares	245,735	(245,735)	-	-	-	-
Issuance of shares upon financing, net of costs and deferred tax	83,072	-	-	-	-	83,072
Exercise of compensation warrants	620	-	(197)	-	-	423
Issuance of shares for acquisition of product rights	294	-	-	-	-	294
Issuance of shares under share purchase plan	30	-	-	-	-	30
Share purchase loans	(595)	-	-	-	-	(595)
Balance as at December 31, 2014	341,065	-	2,100	9,967	125,859	478,991

	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity
	\$	\$	\$	\$	\$	\$
Balance on January 1, 2015	341,065	-	2,100	9,967	125,859	478,991
Net income for the year	-	-	-	-	34,167	34,167
Realized gain on available-for-sale financial instruments reclassified to statement of income, net of tax of \$1,345	-	-	-	(8,654)	-	(8,654)
Unrealized gain on available-for-sale financial instruments, net of tax of \$528	-	-	-	7,083	-	7,083
Unrealized gain on translating financial statements of foreign operations	-	-	-	27,559	-	27,559
Comprehensive Income	-	-	-	25,988	34,167	34,646
Share-based compensation expense	-	-	4,421	-	-	4,421
Issuance of shares upon financing, net of	14,573	-	-	-	-	14,573

costs and includes deferred tax of \$2,155						
Issuance of shares and options upon investment in associate	80,684	-	1,100	-	-	81,784
Issuance of shares upon exercise of stock options	1,487	-	(554)	-	-	933
Issuance of warrants	-	161	-	-	-	161
Exercise of compensation warrants	930	-	(295)	-	-	635
Issuance of shares due to share-based payments	332	-	-	-	-	332
Issuance of shares under share purchase plan	77	-	-	-	-	77
Balance as at December 31, 2015	439,148	161	6,772	35,955	160,026	642,062

Knight Therapeutics Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

Year ended December 31

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Net income	34,167	125,859
Adjustments reconciling net income to operating cash flows:		
Deferred tax	910	772
Share-based compensation	4,421	1,805
Acquisition of product rights	-	294
Depreciation of property, plant and equipment	30	22
Amortization of intangible assets	94	63
Accretion of interest	(6,985)	(349)
Net loss on settlement of loans receivable	535	-
Gain on sale of other financial assets	(15,381)	(32)
Gain on sale of intangible asset	-	(129,371)
Unrealized (gain) loss on derivatives	(1,966)	16
Unrealized foreign exchange gain	(2,068)	(2,410)
Purchase gain on business combination	(515)	-
Other income	-	(424)
Net income from associate	(1,041)	-
Changes in non-cash working capital related to operations	(3,818)	4,510
Deferred revenue	(747)	48
Cash inflow from operating activities	7,636	803
INVESTING ACTIVITIES		

Purchase of marketable securities	(583,225)	(133,411)
Purchase of financial assets	(11,360)	(2,239)
Purchase of intangible assets	(1,750)	-
Purchase of property and equipment	-	(70)
Investment in funds	(15,694)	(14,158)
Investment in associate net of costs	(217)	-
Issuance of loans receivable	(40,280)	(38,941)
Proceeds from repayments of loans receivable	40,420	-
Proceeds from disposal of financial assets	19,758	170
Proceeds from sale of marketable securities	503,935	-
Proceeds from sale of investment in funds	19,314	-
Proceeds from sale of intangible asset, net	-	139,564
Dividend income from associate	2,015	-
Cash outflow from investing activities	(67,084)	(49,085)
FINANCING ACTIVITIES		
Net proceeds from share issuance	12,424	83,036
Net proceeds from warrants issuance	-	244,827
Cost related to prior period share issuance	(207)	-
Proceeds from exercise of compensation warrants	635	423
Share option plan	933	-
Share purchase plan	77	30
Share purchase loans	-	(595)
Net impact of a business separation agreement	-	1,000
Loan from related party	-	2,500
Repayment of loan from related party	-	(2,500)
Cash inflow from financing activities	13,862	328,721
Increase (decrease) in cash during the year	(45,586)	280,439
Cash, beginning of year	283,445	-
Net foreign exchange difference	(378)	3,006
Cash, end of year	237,481	283,445

The following amounts are classified within operating activities:

Interest received	10,107	2,920
Interest paid	-	23
Income taxes paid	1,980	-

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