



Source: Knight Therapeutics

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Knight Reports Third Quarter Financial 2015 Results

MONTREAL, CANADA--(Marketwired - Nov. 11, 2015) - Knight Therapeutics Inc. (TSX:GUD) ("Knight" or the "Company"), a leading Canadian specialty pharmaceutical company, today reported its third quarter ended September 30, 2015 financial results.

Third Quarter 2015 Highlights

Product Development

- Entered into an exclusive Canadian distribution agreement with Alimera Sciences, Inc. for ILUVIEN[®], a sustained release intravitreal implant for the treatment of diabetic macular edema.
- Entered into an exclusive Canadian distribution agreement with Akorn, Inc. for AzaSite[®], an eye drop solution for topical treatment of bacterial conjunctivitis, commonly known as pink eye.
- Entered into an exclusive distribution agreement with Ember Therapeutics Inc. ("Ember") for its Bone Morphogenetic Protein-7 pipeline in Canada and select international markets.
- Received notice that New Drug Submission (NDS) for ATryn[®] (Antithrombin (Recombinant), indicated for the prevention of peri-operative and peri-partum thromboembolic events in hereditary antithrombin deficient patients, was accepted for review by Health Canada.
- Entered into an exclusive licensing agreement with Advaxis, Inc. to commercialize in Canada its product portfolio including its lead drug candidates for HPV-associated cancers, prostate cancer and HER2 expressing solid tumors.
- Entered into an exclusive out-licencing agreement with Profounda Inc. to commercialize Impavido[®] (miltefosine) in the United States.

Corporate Development

- Acquired a 28.3% equity interest in Medison Biotech (1995) Ltd. ("Medison") in exchange for approximately a 10% equity interest in Knight (10.33 million common shares) as part of a strategic collaboration.

Other Developments

- Invested \$0.5M in the Bloom Burton Healthcare Lending Trust.
- Issued a secured loan of \$1.3 million [US\$1.0 million] to Ember.
- Received a distribution of \$2.0 million [US\$1.5 million] related to its investment in Sectoral Asset Management Inc.'s New Emerging Medical Opportunities Fund II, Ltd.

Subsequent to the Quarter Ended September 30, 2015 Highlights

- Announced that a dividend to Knight in the amount of \$1.9 million [ILS 5.66 million] was approved by the Board of Directors of Medison which related to the Company's 28.3% equity interest in Medison.

Third Quarter 2015 Financial Results Reported in Canadian Dollars

The Company's financial statements for the period ended September 30, 2015 have been prepared in accordance with IAS 34, Interim Financial Reporting.

For the quarter ended September 30, 2015, the Company reported revenues of \$114 thousand and net income of \$6.3 million. As at September 30, 2015, the Company had \$445.9 million in cash and marketable securities and 103,450,125 common shares outstanding.

"This quarter was marked by our strategic and financial partnership with Medison, often referred to as the Paladin of Israel," said Jonathan Ross Goodman, President and CEO of Knight. "Looking ahead, our team will remain disciplined, yet aggressive in our pursuit of opportunities to expand our promising pipeline of innovative pharmaceuticals."

Conference Call Notice

Knight will host a conference call to discuss its third quarter results today at 8:30 am ET. Investors and other interested parties may call 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 Wednesday, December 9, 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 9981901.

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'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 the Company 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. The Company 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 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 Annual Report and in the Company's Annual Information Form for the year ended December 31, 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.

Knight Therapeutics Inc.

INTERIM CONSOLIDATED BALANCE SHEETS

As at

[In thousands of Canadian dollars]

[Unaudited]

	September 30, 2015	December 31, 2014
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	246,606	283,445
Marketable securities	199,283	133,412
Accounts receivable	1,641	740
Investment tax credits receivable	200	-
Inventory	1,588	602
Other current financial assets	9,333	10,090
Other current assets	433	284
Total current assets	459,084	428,573
Property and equipment	25	48
Intangible assets	3,316	846

Other financial assets	80,756	57,147
Investment in associate	82,096	-
Deferred income tax assets	2,544	-
Total assets	627,821	486,614
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	801	2,090
Income taxes payable	1,041	4,493
Deferred revenue	530	1,040
Total current liabilities	2,372	7,623
Shareholders' equity		
Share capital	438,960	341,065
Warrants	161	-
Contributed surplus	6,159	2,100
Accumulated other comprehensive income	25,697	9,967
Retained earnings	154,472	125,859
Total shareholders' equity	625,449	478,991
Total liabilities and shareholders' equity	627,821	486,614

Knight Therapeutics Inc.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

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

[Unaudited]

	Three-month period ended		Nine-month period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	\$	\$	\$	\$
Revenue	114	7	694	255
Cost of goods sold	18	-	376	-
Gross margin	96	7	318	255
Expenses				
General and administrative	2,123	1,227	7,247	1,998
Research and development	1,819	687	2,453	814
	(3,846)	(1,907)	(9,382)	(2,557)
Depreciation of property and equipment	7	7	22	14
Amortization of intangible assets	22	19	64	44
Interest expense	-	-	-	23
Interest income	(4,297)	(1,135)	(11,858)	(2,054)
Other income	(376)	(329)	(1,343)	(434)
Net gain on financial assets	(1,965)	-	(15,989)	-
Purchase gain on business combination	-	-	(550)	-
Gain on settlement of loan receivable	-	-	(358)	-
Share of net income of	(95)	-	(95)	-

associate

Foreign exchange gain	(3,658)	(976)	(7,476)	(977)
Income before income taxes	6,516	507	28,201	827
Income tax expense (recovery)	143	(1)	(911)	4
Deferred income tax expense (recovery)	96	(54)	499	(54)
Net income for the period	6,277	562	28,613	877
Basic earnings per share	0.07	0.007	0.31	0.018
Diluted earnings per share	0.07	0.007	0.30	0.018
Weighted average number of common shares outstanding				
Basic	95,570,089	77,781,587	93,744,281	49,898,141
Diluted	95,737,299	77,869,627	93,961,953	49,963,080

Knight Therapeutics Inc.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[In thousands of Canadian dollars]

[Unaudited]

	Three-month period ended		Nine-month period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	\$	\$	\$	\$
Net income for the period	6,277	562	28,613	877
Realized gain reclassified to statement of income (net of tax of \$109 and \$1,368 for the three and nine-month periods ended September 30, 2015)	(755)	-	(8,805)	-
Other comprehensive income to be reclassified to income or loss in subsequent periods:				
Unrealized gain on available-for-sale financial instruments (net of tax of \$70 and \$482 for the three and nine-month periods ended September 30, 2015, respectively and \$27 and \$293 for the three and nine-month periods ended September 30, 2014)	125	175	3,125	1,886
Unrealized gain on translating financial statements of foreign operations	10,557	-	21,410	-
Other comprehensive income for the period	9,927	175	15,730	1,886
Comprehensive income for the period	16,204	737	44,343	2,763

Knight Therapeutics Inc.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[In thousands of Canadian dollars]

[Unaudited]

Share capital	Warrants	Contributed surplus	Accumulated other	Retained earnings	Total shareholders' equity
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	comprehensive income					
	\$	\$	\$	\$	\$	\$
Balance on Incorporation and as at January 1, 2014	-	-	-	-	-	-
Net income and comprehensive income for the period	-	-	-	1,886	877	2,763
Stock based compensation expense	-	-	1,010	-	-	1,010
Issuance of common shares as part of Business Separation Agreement	11,909	-	-	-	-	11,909
Issuance of warrants, net of costs and including deferred tax	-	244,559	492	-	-	245,051
Deemed exercise of Special Warrants into common shares	244,559	(244,559)	-	-	-	-
Share purchase loans	(450)	-	-	-	-	(450)
Issuance of shares for acquisition of product rights	294	-	-	-	-	294
Balance as at September 30, 2014	256,312	-	1,502	1,886	877	260,577

	Accumulated other comprehensive income					
	Share capital	Warrants	Contributed surplus	comprehensive income	Retained earnings	Total shareholders' equity
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2015	341,065	-	2,100	9,967	125,859	478,991
Net income for the period	-	-	-	-	28,613	28,613
Realized gain reclassified to statement of income, net of tax of \$1,368	-	-	-	(8,805)	-	(8,805)
Change in fair value of available-for-sale financial instruments, net of tax of \$482	-	-	-	3,125	-	3,125
Unrealized gain on translating financial statements of foreign operations	-	-	-	21,410	-	21,410
Share-based compensation expense	-	-	3,808	-	-	3,808
Issuance of shares upon financing, net of	14,573	-	-	-	-	14,573

costs and includes deferred tax of \$2,200						
Issuance of shares and options upon investment of associate	80,684	-	1,100	-	-	81,784
Issuance of shares due to share-based payment	165	-	-	-	-	165
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 under share purchase plan	56	-	-	-	-	56
Balance as at September 30, 2015	438,960	161	6,159	25,697	154,472	625,449

Knight Therapeutics Inc.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]

	Nine-month period ended	
	September 30, 2015	September 30, 2014
	\$	\$
OPERATING ACTIVITIES		
Net income	28,613	877
Adjustments reconciling net income to operating cash flows:		
Deferred income tax (recovery)	499	(54)
Share-based compensation	3,808	1,010
Acquisition of product rights	-	294
Depreciation of property and equipment	22	14
Amortization of intangible assets	64	44
Other income	-	(290)
Accretion of interest	(3,373)	-
Gain on disposal of other financial assets	(15,376)	-
Gain on settlement of loan receivable	(358)	-
Purchase gain on business combination	(550)	-
Share of net income of associate	(95)	-
Unrealized gain on derivative	(615)	-
Unrealized foreign exchange gain	(7,426)	(988)
Changes in non-cash working capital related to operations	(7,400)	(316)
Deferred revenue	(510)	-
Cash inflow (outflow) from operating activities	(2,697)	591

INVESTING ACTIVITIES

Purchase of marketable securities	(460,369)	-
Proceeds from disposal of marketable securities	411,944	-
Purchase of other current financial assets	(2,356)	-
Proceeds from disposal of other financial assets	31,265	-
Investment in funds	(9,032)	(11,202)
Issuance of loans and debentures receivable	(31,929)	(7,791)
Proceeds from repayments on loans receivable	11,111	-
Purchase of property and equipment	-	(70)
Consideration paid on business combination	(1,750)	-
Investment in associate	(212)	-
Cash outflow from investing activities	(51,328)	(19,063)

FINANCING ACTIVITIES

Net impact of Business Separation Agreement	-	1,000
Net proceeds from warrants issuance	-	245,145
Proceeds from exercise of Over-Allotment Option	12,424	-
Proceeds from exercise of compensation warrants	635	-
Costs related to prior period share financing	(207)	-
Share option plan	934	-
Share purchase plan	55	-
Share purchase loans	-	(450)
Loan from related party	-	2,500
Repayment of loan from related party	-	(2,500)
Cash inflow from financing activities	13,841	245,695
Increase (decrease) cash during the period	(40,184)	227,223
Cash, beginning of period	283,445	-
Net foreign exchange difference	3,345	-
Cash, end of period	246,606	227,223

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