

Knights Reports Third Quarter 2017 Results

MONTREAL, CANADA--(Marketwired - November 9, 2017) - Knight Therapeutics Inc. (TSX: GUD) ("Knight"), a leading Canadian specialty pharmaceutical company, today reported financial results for its third quarter ended September 30, 2017. All dollar amounts are in thousands except for share and per share amounts. All currencies are Canadian unless otherwise specified.

Q3 2017 Highlights

- Revenues were \$1,860, a decrease of \$32 or 2% versus the same period in prior year
- Cash flows from operations were \$10,736, an increase of \$6,348 or 145% over the same period in prior year
- Issued additional loans of US\$12,504 to Synergy CHC Corp ("Synergy") and 60° Pharmaceuticals LLC ("60P")
- Amended loan with Crescita Therapeutics Inc. ("Crescita") resulting in an early repayment of \$2,488
- Received dividends of \$2,459 from Medison Biotech (1995) Ltd. ("Medison")
- Received distributions of \$1,063 from a strategic fund investment and realized a gain of \$276
- Recorded an unrealized gain of \$3,049 on investment in Forbion Capital Partners ("Forbion") following the announcement of Merck's acquisition of Rigontec
- Realized gain of \$1,457 on disposal of common shares of Merus Labs International Inc. upon the close of its acquisition by Norgine B.V.

Subsequent Events

- Received 566,471 common shares of Crescita pursuant to a share transfer agreement increasing ownership to approximately 14.9%
- Accepted the resignation of Jeffrey Kadanoff and appointed Samira Sakhia as Chief Financial Officer
- Received a distribution of €2,144 from Forbion upon close of the acquisition of Rigontec

"This past quarter our team was focused on advancing our product pipeline and evaluating opportunities to build our portfolio of innovative pharmaceuticals," said Jonathan Ross Goodman, CEO of Knight. "In the quarters ahead, we will look to capitalize on GUD opportunities for growth."

As at September 30, 2017, Knight had over \$760,000 in cash, cash equivalents and marketable securities and 142,772,805 common shares outstanding. From this strong cash position, Knight will continue to pursue business and corporate development opportunities.

Financial Results

	Q3-17	Q3-16	Change		YTD-17	YTD-16	Change	
			\$	%			\$	%
Revenues	1,860	1,892	(32)	(2%)	6,090	4,095	1,995	49%
Operating expenses	3,567	2,888	679	24%	11,060	8,097	2,963	37%
Interest income	6,959	7,375	(416)	(6%)	18,517	18,315	202	1%
Share of net income of associate	98	1,096	(998)	(91%)	513	2,755	(2,242)	(81%)
Net income	3,593	5,698	(2,105)	(37%)	10,099	10,621	(522)	(5%)
Earnings per share	0.03	0.04	(0.01)	(25%)	0.07	0.09	(0.02)	(22%)

Revenue: Revenue in Q3 2017 was in line with the same period last year, while the increase for the nine-month period is due to the addition of Movantik® and an increase of Impavido® sales.

Operating expenses: Increase in Q3 2017 is explained by commercial activities including sales force promotion of Movantik®, and an increase in the number of employees as Knight expands commercialization and prepares to launch new products in Canada.

Interest income: Decrease in Q3 2017 is driven by a lower average loan balance outstanding, offset by higher interest income earned on cash, cash equivalents and marketable securities.

Share of net income of associate: Decrease in Q3 2017 is due to Medison's lower net income mainly attributable to increases in marketing and selling expenses linked to new product launches as well as to an increase in the amortization of fair value adjustments recorded by Knight.

Product Update

According to IMS data, Movantik® sales in Canada were \$255 and \$634 for the three and nine-month periods ended September 30, 2017. 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 opioid-induced constipation in adult patients with non-cancer pain who have had an inadequate response to laxative(s).

Strategic Lending Updates

On August 9, 2017, Knight issued an additional three-year secured loan of US\$10,000 with an annual interest rate of 10.5% to Synergy. The loan will be used for acquisitions and general working capital purposes. Additionally, Knight agreed to provide an ongoing credit facility for an aggregate of up to US\$20,000 to be granted at Knight's sole discretion. As part of the transaction, the Knight will receive a success fee payable at maturity of the loan.

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. Additionally, Knight agreed to amend the collateral on the loan 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. In addition, Knight surrendered its 293,163 warrants of Crescita exercisable at \$2.44 per share and was issued 216,000 warrants exercisable at a price of \$0.75 per share and 180,000 warrants exercisable at a price of \$1.00 per share, in each case for a term of six years.

During Q3 2017, Knight issued an additional loan of US\$2,504 to 60P. Knight has issued a total of US\$6,700 to 60P at an interest rate of 15% per annum and a maturity date of December 31, 2020. In addition, pursuant to its loan agreements with Medimetriks Pharmaceuticals Inc. ("Medimetriks"), Knight received 286,955 common shares of Medimetriks increasing its ownership of to 10% on a fully diluted basis.

Conference Call Notice

Knight will host a conference call and audio webcast to discuss its third quarter results today at 8:30 am ET. Knight cordially invites all interested parties to participate in this call.

Date: Thursday, November 9, 2017

Time: 8:30 a.m. EST

Telephone: 1-877-223-4471 or 647-788-4922

Webcast: www.gudknight.com or <http://bit.ly/2iG5Zgk>

This is a listen-only audio webcast. Media Player is required to listen to the broadcast.

Replay: An archived replay will be available for 30 days at www.gudknight.com

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.gudknight.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, 2016. 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.

CONTACT INFORMATION:

Knight Therapeutics Inc.
Samira Sakhia
President and Chief Financial Officer
T: 514-678-8930
F: 514-481-4116
info@gudknight.com
www.gudknight.com

INTERIM CONSOLIDATED BALANCE SHEETS

[In thousands of Canadian dollars]

[Unaudited]

As at	September 30, 2017	December 31, 2016
ASSETS		
Current		
Cash and cash equivalents	506,839	514,942
Marketable securities	218,248	221,108
Trade and other receivables	8,123	6,440
Inventories	653	790
Other current financial assets	30,960	51,789
Income taxes receivable	2,448	4,683
Total current assets	767,271	799,752
Marketable securities	36,000	—
Property and equipment	60	32
Intangible assets	12,713	14,153
Other financial assets	95,725	90,643
Investment in associate	75,642	80,113
Deferred income tax assets	6,056	6,077
Total assets	993,467	990,770
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	4,146	3,207
Income taxes payable	7,008	5,659
Other balances payable	587	537
Deferred other income	250	355
Total current liabilities	11,991	9,758
Deferred other income	229	417
Other balances payable	799	877
Total liabilities	13,019	11,052
Shareholders' equity		
Share capital	761,127	760,447
Warrants	785	785
Contributed surplus	11,900	9,469
Accumulated other comprehensive income	17,951	30,431
Retained earnings	188,685	178,586
Total shareholders' equity	980,448	979,718
Total liabilities and shareholders' equity	993,467	990,770

INTERIM CONSOLIDATED STATEMENTS OF INCOME

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

[Unaudited]

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenues	1,860	1,892	6,090	4,095
Cost of goods sold	337	296	1,097	1,077
Gross margin	1,523	1,596	4,993	3,018
Expenses				
Selling and marketing	834	94	2,247	262
General and administrative	2,147	2,358	6,944	6,592
Research and development	586	436	1,869	1,243
	(2,044)	(1,292)	(6,067)	(5,079)
Depreciation of property and equipment	—	—	—	18
Amortization of intangible assets	539	100	1,185	263
Interest income	(6,959)	(7,375)	(18,517)	(18,315)
Other income	(871)	(2,081)	(1,513)	(3,534)
Net (gain) loss on financial assets	(1,317)	2,914	(3,636)	402
Share of net income of associate	(98)	(1,096)	(513)	(2,755)
Foreign exchange loss (gain)	2,695	(1,132)	4,244	2,995
Income before income taxes	3,967	7,378	12,683	15,847
Income tax expense (recovery)				
Current	490	1,288	1,598	4,407
Deferred	(116)	392	986	819
Net income for the period	3,593	5,698	10,099	10,621
Attributable to shareholders of the Company				
Basic earnings per share	0.03	0.04	0.07	0.09
Diluted earnings per share	0.03	0.04	0.07	0.09

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

[In thousands of Canadian dollars]

[Unaudited]

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
OPERATING ACTIVITIES				
Net income for the period	3,593	5,698	10,099	10,621
Adjustments reconciling net income to operating cash flows:				
Deferred tax	(116)	392	986	819
Share-based compensation expense	762	765	2,626	2,648
Depreciation and amortization	539	100	1,185	281
Accretion of interest	(1,197)	(2,129)	(3,381)	(4,975)
Realized gain on financial assets	(1,761)	(367)	(3,402)	(509)
Unrealized loss (gain) on financial assets	444	3,281	(234)	911
Foreign exchange loss (gain)	2,695	(1,132)	4,244	2,995
Share of net income from associate	(98)	(1,096)	(513)	(2,755)
Other income	(871)	(1,271)	(872)	(1,271)
Deferred other income	(63)	848	(293)	555
	3,927	5,089	10,445	9,320
Changes in non-cash working capital related to operations	4,350	(3,115)	2,914	(2,152)
Dividends from associate	2,459	2,414	4,984	4,837
Cash inflow from operating activities	10,736	4,388	18,343	12,005
INVESTING ACTIVITIES				
Purchase of marketable securities	(103,273)	(161,913)	(245,746)	(445,038)
Purchase of intangibles	—	(367)	—	(3,291)
Issuance of loans receivables	(15,164)	(1,027)	(16,971)	(38,476)
Purchase of equities	—	(5,073)	(2,939)	(10,496)
Investment in funds	(4,987)	(4,917)	(15,318)	(14,142)
Proceeds from sale of marketable securities	77,170	182,896	203,729	417,000
Proceeds from repayments of loans receivable	5,985	5,916	36,309	7,939
Proceeds from disposal of equities	9,357	3,337	12,872	7,363
Proceeds from distribution of funds	510	1,974	3,886	1,974
Cash (outflow) inflow from investing activities	(30,402)	20,826	(24,178)	(77,167)
FINANCING ACTIVITIES				
Proceeds from share issuance, net of costs	—	(16)	—	218,536
Proceeds from exercise of stock options	—	—	345	—
Proceeds from contributions to share purchase plan	61	24	154	74
Issuance of share purchase loans	—	—	—	(200)
Cash inflow from financing activities	61	8	499	218,410
(Decrease) increase in cash during the period	(19,605)	25,222	(5,336)	153,248
Cash and cash equivalents, beginning of the period	527,879	363,713	514,942	237,481
Net foreign exchange difference	(1,435)	467	(2,767)	(1,327)
Cash and cash equivalents, end of the period	506,839	389,402	506,839	389,402
Marketable securities, end of the period	254,248	255,652	254,248	255,652
Cash, cash equivalents and marketable securities, end of the period	761,087	645,054	761,087	645,054

