



*Building Canada's leading specialty pharmaceutical company*

**Knight Therapeutics Inc.**  
**(TSX: GUD)**



# Forward Looking Statements

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, 2017. 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.



# A Knight is Born

- Better a GUD Knight than a bad one
- We never rest at Knight
- May you always have a GUD-Knight
- A GUD-Knight is GUD Medison
- Knighting wrong with making money
- GUD for Knight
- Fun things happen at Knight
- Knight loves a GUD pun
- GUD Knight sleep tight
- GUD time had by all
- GUDluck Jonathan

# A Knight's History

- Founded by co-founder & CEO of Paladin Labs Inc.
  - 19 years of consecutive record revenues
  - Share price increased from \$1.50 to \$151 per share
  - Market capitalization increased from \$6 million to \$3.2 billion
- Knight's first day was on February 28th, 2014
  - The day Paladin's sale to Endo closed
  - Knight initially owned by Paladin's shareholders as consideration for Paladin sale

Knight is a specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian and select international markets

# Growth Strategies

*Firing on Multiple Cylinders*

## Building a portfolio of innovative pharmaceuticals

### In-licensing or Acquiring Product Rights

#### *Near Term Pipeline*

- In-license innovative pharmaceuticals
- Acquire mature or under-promoted products from Big Pharma
- Develop near-term, low risk/low expense products for the Canadian and global markets

### Strategic Lending for Product Rights

#### *Near and Long Term Pipeline*

- Secured against revenue and/or tangible assets
- IP sole security
- Acquired portfolio of consumer products and medical devices
- Structured with returns between 15%-20% including interest, warrants, equity and product rights

### Strategic Fund Investments

#### *Long Term Pipeline*

- Committed ~\$127M to various funds
- Nine fund investments closed to date
- Two licensing deals closed



# Product Portfolio

Expanding Pipeline of Innovative Pharmaceuticals

# Product Selection Criteria

*Taking on Commercialization Risk, NOT Development Risk*

- Focus on later stage products (Phase II, Phase III or approved in foreign market)
- Structure transaction to meet partner needs while protecting downside risk
- Manage return to address associated risks





# Pain Support

Two innovative products for opioid supportive care

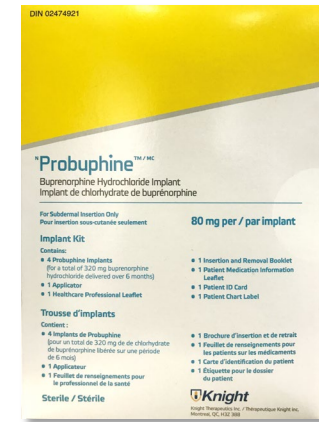
## Movantik® for the treatment of opioid-induced constipation

- Exclusive license agreement with AstraZeneca for Movantik® in Canada and Israel
- First oral once-daily peripherally acting mu-opioid receptor antagonist (PAMORA) approved in Canada (launched in Canada in October 2015)
- Opioid induced constipation (OIC) affects between 26%-79% of patients taking an oral opioid<sup>1,2</sup>
- Knight began commercial launch In March 2017 – calling on over 3,000 physicians - 11% of prescribers who represent >50% of Rx



## Probuphine™ a novel implant for opioid dependence

- Exclusive in-license agreement with Titan for Canada
- Subdermal implant for opioid addiction; delivers buprenorphine continuously for 6 months
- Received Canadian regulatory approval in April 2018
- Launched commercially across Canada in Q4 2018
- Addresses issues of patient adherence/compliance and of diversion/illicit use



<sup>1</sup>Canadian Guideline for Safe and Effective Use of Opioids for Chronic Non-cancer Pain

<sup>2</sup>Chronic opioid induced constipation in patients with non-malignant pain





# Ibsrela™ (Tenapanor)

*Unique mechanism of action to treat IBS-C*



## Background

- Exclusive in-license agreement with Ardelyx for Canada
- First-in-class, proprietary, minimally absorbed, oral product
- New Drug Submission submitted to FDA in September 2018 for IBS-C; completed one Phase IIb/III study in hyperphosphatemia

## Opportunity

- Innovative product for two indications
- Strategic fit with Movantik
- Allows Knight to start building a presence in a new specialty area
- Knight expects to submit Ibsrela™ for regulatory approval in 2019



# Ophthalmology Portfolio

*Differentiated therapies for targeted physicians*

## **Iluvien®**

*(Implant for diabetic macular edema)*

- Exclusive in-license agreement with Alimera Sciences
- Continuous micro-dosing over 3 years for the treatment for vision impairment associated with DME
- Approximately 200 retinal specialists in Canada
- Approved by Health Canada in November 2018

## **Netildex™**

*(Combination antibiotic/steroid for eye infection/inflammation)*

- Exclusive in-license agreement with SIFI for Netildex™ in Canada
- Introduces a new antibiotic with a known steroid leading to less resistance
- Good fit within growing ophthalmic portfolio
- New Drug Submission accepted for review by Health Canada in February 2018



# Women's Health Portfolio

*Two complementary unique late-stage women's health products*

- Exclusive in-license agreement with TherapeuticsMD for Canada and Israel
- Leverage of Knight's balance sheet through \$20M USD equity investment in TherapeuticsMD
- Knight expects to submit both products for approval in 2019

## **TX-004HR (IMVEXXY)**

*Estradiol vaginal softgel capsule for treatment of symptoms of vulvovaginal atrophy (VVA)*

- Approved in the US in May 2018
- Only product in its therapeutic class to offer a 4 mcg (lowest effective dose) and 10 mcg dose
- Data showing onset of action at 2 weeks
- Easy/less messy administration
- Less discomfort
- Will compete in >\$60M\* market growing at 4 year CAGR of 8%\*

## **TX-001HR (BIJUVA)**

*Only fixed-dose combination of bio-identical estrogen and progesterone for the treatment of vasomotor symptoms of menopause (VMS)*

- Approved in the U.S. in October 2018
- Significant improvements in frequency and severity of hot flashes at weeks 4 and 12
- Fewer side effects associated with bio-identical progesterone than with synthetic progestins
- Combination may increase compliance
- Will compete in >\$115M market declining at CAGR of 1.3%\*

\* Based on 2017 IQVIA Canada



# Nerlynx™

*Novel treatment for HER2 positive breast cancer*

## Background

- Exclusive in-license agreement with Puma Biotechnology for Canada
- Irreversible pan-HER tyrosine kinase inhibitor
- New Drug Submission accepted for review by Health Canada in July 2018 for extended adjuvant treatment of early stage HER2+ breast cancer

## Opportunity

- Anticipated to be Knight's first commercial launch in oncology
- ~24,000 patients diagnosed each year with early stage breast cancer, ~20% of whom are HER2+
- Potential label expansion opportunities in metastatic HER2+ breast cancer and solid tumors with HER2 mutations



# Prescription Pharmaceuticals

	Product / Family	Licensor	Indication / Potential Indication	Status
<b>Pain / Gastrointestinal</b>	Movantik®	AstraZeneca	Opioid-induced constipation	Marketed in CAN & approved in ISR
	Probuphine™	Titan	Opioid addiction	Marketed
	Ibsrela™	Ardelyx	IBS-C	Pending submission
	Mytesi®	Jaguar	Anti-diarrheal	Pending submission
	NeurAxon family	N/A	Acute migraine, pain and neurological disorders	Pre-Clinical – Phase 3
	Antibe family	Antibe	Chronic pain and inflammation	Pre-Clinical – Phase 2
<b>Ophthalmic</b>	AzaSite™	Akorn	Bacterial conjunctivitis	Approved
	Iluvien®	Alimera	Diabetic macular edema	Approved
	Netildex™	SIFI	Ocular inflammation	Submitted
<b>Women's Health</b>	TX-004HR <sup>1</sup>	TherapeuticsMD	Moderate-to-severe dyspareunia	Pending submission
	TX-001HR <sup>2</sup>	TherapeuticsMD	Moderate-to severe vasomotor symptoms due to menopause	Pending submission
<b>Oncology</b>	Nerlynx®	Puma	HER2-positive breast cancer	Submitted
	Advaxis family	Advaxis	HPV-associated cancers and others	Phase 1 – Phase 3
<b>Other</b>	Impavido®	N/A	Leishmaniasis	Marketed
	Tenapanor	Ardelyx	Hyperphosphatemia	Phase 3
	Arakoda™		Prevention of malaria	Pending submission
	60P family	60P	Other tropical diseases	Phase 2 – Pending submission

<sup>1</sup> Marketed as **IMVEXXY** in the US

<sup>2</sup> Marketed as **BIJUVA** in the US



# Strategic Lending

Another Source of Products and Return on Investment



# Strategic Lending Overview

*Leveraging Knight's Balance Sheet for Products*

- **Strategy:** Enter into secured loans with life-sciences companies in exchange for product rights for Canada and select international markets
- **Investment:** Over C\$145M loaned to 13 strategic loan partners generating double-digit annual return on invested capital
- **Results:** 15+ innovative products in Knight's portfolio have been sourced via secured lending strategy

Company	Nominal Loan Balance <sup>1</sup>	Interest Rate	Maturity	Product Rights
Synergy	US\$8 M	10.5%	2020	✓
60 <sup>0</sup> Pharma	US\$5.7M	15%	2020	✓
Crescita	C\$3.6M	9%	2022	✓
Medimetriks	US\$1.3M	13%	2019	
Pediapharm <sup>3</sup>	C\$1.3M	12%	2020	
Ember	US\$0.5M	12.5%	Not disclosed	✓
<b>Total<sup>2</sup></b>	<b>C\$24.9M</b>			

<sup>1</sup> As at September 30, 2018

<sup>2</sup> Total converted to CAD using Bank of Canada closing exchange rates on September 30, 2018

<sup>3</sup> Pediapharm debenture is held indirectly through the Bloom Burton Healthcare Lending Trust



# Strategic Lending Benefits All

*CRH Medical – US\$30 Million Secured Loan*



## CRH

- CRH stock price increased by more than 3x within 4 months following loan
- Raised C\$27M of equity at \$3.40 per share and prepaid ~25% of Knight loan
- Prepaid balance of Knight loan in and replaced it with bank debt at 3.5%

## Knight

- Sold CRH shares received as part of loan for proceeds of ~C\$9.9M
- Successfully exited CRH loan following early repayment
- Earned an all-in IRR of 40+% in less than 12 months





# Security Provides Greater Value

*Origin Biomed – C\$850K Secured Loan*

- Following default, Knight acquired global rights to Neuragen®
- Sold the US rights to Synergy CHC for proceeds of US\$1.2M within 4 days of acquiring global rights
- Knight markets Neuragen® in Canada – generating over \$250K of annual sales
- Pursuing out-licensing opportunities for Rest of World





# Strategic Fund Strategy

Long-term Path for Product Rights

# Fund Strategy Overview

## Diversifying Access to Products

- **Strategy:** Obtain preferential access to innovative pharmaceutical products while earning LP returns on investment
- **Investment:** ~C\$127M committed to invest with nine fund managers in Canada, Europe and US with proven track records of positive returns
- **Results:** Fund strategy led to license of Iluvien® from Alimera and license agreement with Advaxis for their portfolio of products for Canada

Fund	Amount	Development Stage	Geography
Teralys	C\$30M	VCAP Fund of Funds	Canada
Domain	US\$25M	Early stage	North America
Forbion	€19.5M	All clinical stages	Europe
Sectoral	US\$13M	Late stage to small cap	Global
Sanderling	US\$10M	Early stage	North America
HarbourVest	C\$10M	VCAP Fund of Funds	Canada
TVM	US\$1.6M	All clinical stages	Global
Bloom Burton <sup>2</sup>	C\$1.5M	Commercial stage	Canada
Genesys	C\$1M	Early stage	North America
<b>Total<sup>1</sup></b>	<b>~C\$127M</b>	<b>All stages</b>	<b>Worldwide</b>

<sup>1</sup> Total in CAD is converted at the Bank of Canada exchange rates as of the commitment dates. Using the September 30, 2018 exchange rates, total fund commitments are ~C\$136M with C\$59M remaining to be funded.

<sup>2</sup> Bloom Burton healthcare lending trusts are managed by Stratigis Capital Advisors



# Rest of World Pharma

Finding Other Knights



# Rest of World Strategy

## *Small Markets – Single Partner*

### Vision

- Rest of World (outside US, Europe, Japan, China) specialty pharma will continue to experience growth
- Knight will be partner of choice for 2<sup>nd</sup> / 3<sup>rd</sup> tier markets
- Leverage GUD financial strength and business development capabilities to accelerate growth in each of these markets
- *Knight has licensed rights to 15+ products for select international markets*

### Target Geographies

- High growth countries with expanding access and funding for medicines
- Stable legal and regulatory systems, including IP protection
- Non-core geographies for other companies
- *Knight acquired 28.3% of Medison Biotech (1995) Ltd., an Israeli specialty pharma company*

- In September 2015, Knight acquired 28.3% (\$83 million) of Medison Biotech (1995) Ltd. in exchange for 10% of Knight<sup>1</sup>
- Founded in 1996, Medison has grown to sales of approximately \$216M in 2017
- Medison represents 20+ European and American pharmaceutical and biotech companies including Amgen<sup>®</sup>, Biogen<sup>®</sup>, Ipsen<sup>®</sup> and Shire<sup>®</sup>
- As at September 30, 2018, received cumulative dividends of \$11.8M

<sup>1</sup> Medison ownership of Knight is currently at 7% due to dilution



# Why Knight?

Partner of Choice for Canada and RoW



# Knight's Management Experience

*Building Bench Strength*

<b>Partnering</b>	<ul style="list-style-type: none"><li>• Built Canadian business through collaborations with over 30 companies</li><li>• Deals structured to meet partners' needs</li></ul>
<b>Regulatory</b>	<ul style="list-style-type: none"><li>• Significant experience in all aspects of the regulatory process</li><li>• ~30 submissions to Health Canada with a 90% success rate</li></ul>
<b>Pricing and Reimbursement</b>	<ul style="list-style-type: none"><li>• Extensive experience and success with PMPRB, provincial formularies and private payors<ul style="list-style-type: none"><li>• PMPRB acceptance of all major brands' launch prices</li><li>• Successfully negotiated favourable listings</li></ul></li></ul>
<b>Commercial</b>	<ul style="list-style-type: none"><li>• Commercialized over 60 products</li><li>• Grew Canadian revenue to ~\$150M and international revenue to ~\$120M</li><li>• Built sales and marketing teams/expertise across multiple therapeutic areas</li></ul>



# Management Team



**Jonathan Ross Goodman B.A., LL.B., M.B.A.**

*Chief Executive Officer*

- Paladin Labs, Co-Founder, President & CEO
- Procter & Gamble, Brand Management



**Samira Sakhia, CPA, M.B.A.**

*President and Chief Financial Officer*

- Paladin Labs, Chief Financial Officer



**Amal Khouri, B.Sc., M.B.A.**

*VP Business Development*

- Novartis, Global Business Development and Licensing
- Paladin Labs, Business Development



# Board of Directors

Board Member	Qualifications
<b>James Gale (Chairman)</b>	<ul style="list-style-type: none"> <li>Paladin Labs, Board member from 2008 to 2014</li> <li>Signet Healthcare Partners, Managing Director</li> </ul>
<b>Jonathan Ross Goodman</b>	<ul style="list-style-type: none"> <li>Knight Therapeutics, Founder and CEO</li> <li>Paladin Labs, Co-founder, former President &amp; CEO</li> </ul>
<b>Samira Sakhia</b>	<ul style="list-style-type: none"> <li>Knight Therapeutics, President and CFO</li> <li>Paladin Labs, CFO from 2001 to 2015</li> </ul>
<b>Robert Lande</b>	<ul style="list-style-type: none"> <li>Paladin Labs, Board member from 1995 to 2014</li> <li>FXCM Group LLC, President</li> </ul>
<b>Sylvie Tendler</b>	<ul style="list-style-type: none"> <li>Pharmaceutical Market Research Consultant</li> <li>The Tendler Group Inc., Founder</li> </ul>
<b>Meir Jakobsohn</b>	<ul style="list-style-type: none"> <li>Medison Pharma, Founder and CEO</li> </ul>
<b>Nancy Harrison</b>	<ul style="list-style-type: none"> <li>Co-founder and former President of MSI Methylation Sciences</li> <li>Former Partner and Senior Vice President of Ventures West Management Inc.</li> </ul>



# Financial and Strategic Assets

Asset	Description
Cash	\$775 million <sup>1</sup> (\$5.43 / share)
Key Marketed Products	Movantik <sup>®</sup> , Impavido <sup>®</sup> , Probuphine <sup>™</sup>
Approved Products	Iluvien <sup>®</sup>
Products Pending Approval	Netildex <sup>™</sup> , Nerlynx <sup>®</sup>
Products Pending Submission	Ibsrela <sup>®</sup> , Mytesi <sup>®</sup> , TX-004HR, TX-001HR
Product Pipeline	20+ products in various stages of development
Strategic Fund Investments	\$126.7 million <sup>2</sup> in total commitments
Strategic Loans	\$24.9 million <sup>3</sup> of loans receivable
Rest of World Pharma	\$79M equity investment in Medison (28.3%)

<sup>1</sup> Cash, cash equivalents and marketable securities as at September 30, 2018

<sup>2</sup> Based on the exchange rates in effect on the dates of the fund commitments. Carrying value as at September 30, 2018 was \$80M.

<sup>3</sup> Nominal loan balance as at September 30, 2018



# Summary

- **Proven ability** to develop a rich pipeline of new products
- **Proven ability** to secure profitable licensing and secured loan agreements
- **Proven track record** of profitable growth
- **Experienced** and dynamic management team
- **Financial strength** to execute our strategy



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