

Medexus Expands its US Product Portfolio by Acquiring the Hematology Asset IXINITY®

Acquisition Expected to be Immediately Accretive to Adjusted EBITDA¹

Announces US\$20 Million Credit Facility with MidCap Financial

TORONTO and CHICAGO and MONTREAL, Feb. 28, 2020 (GLOBE NEWSWIRE) -- Medexus Pharmaceuticals Inc. ("**Medexus**" or the "**Company**") (TSXV: MDP, OTCQB: PDDPF) today announced that the Company, through its US-based subsidiary, acquired Aptevo BioTherapeutics LLC, a Delaware limited liability company owning the worldwide rights to the commercial hematology asset, IXINITY®, from Aptevo Therapeutics, Inc. (NASDAQ: APVO) (the "**Vendor**"), a biotechnology company focused on developing oncology, autoimmune and hematology therapeutics (the "**Acquisition**"). IXINITY® is an intravenous recombinant factor IX therapeutic for use in patients 12 years of age or older with Hemophilia B – a hereditary bleeding disorder characterized by a deficiency of clotting factor IX in the blood, which is necessary to control bleeding.

Key Highlights

- Medexus Pharma, Inc. ("**Medexus US**") acquired Aptevo BioTherapeutics LLC, which owns the worldwide rights to the commercial hematology asset, IXINITY®, for up-front cash consideration of approximately US\$30 million (inclusive of approximately US\$9.5 million of working capital acquired)
- For the first nine months of 2019, IXINITY® generated revenues of US\$23.4 million, representing year-over-year growth of approximately 40%
- The U.S. hemophilia B market is approximately US\$734 million and growing, with a highly concentrated prescriber base
- Acquisition strengthens Medexus' specialty product portfolio and represents a strategic fit with other products in the Medexus business development pipeline
- Allows Medexus to leverage its U.S. operations for maximum impact through an expanded U.S. product portfolio
- Expected to be immediately accretive to Adjusted EBITDA¹ before acquisition costs
- Acquisition financed entirely with existing cash and a new US\$20 million term loan credit facility with MidCap Financial, an affiliate of Apollo Global Management

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "We are very pleased to announce this transformative acquisition. IXINITY® is an FDA approved product with strong brand equity and a track record of safety, efficacy and growing sales. This acquisition is perfectly aligned with our corporate strategy to license or acquire accretive specialty products that address essential patient needs, while allowing us to leverage our established North American sales force and infrastructure. Moreover, our ability to execute this transaction through a combination of cash on hand and a new credit facility further illustrates the strength of our balance sheet and projected cash flows. We appreciate the support provided by MidCap Financial and believe their participation in this financing was fully aligned with our ultimate goal of delivering strong profitability for our shareholders."

The terms and conditions of the Acquisition are governed by a purchase agreement entered into between Medexus US and the Vendor (the "**Purchase Agreement**"). In accordance with and pursuant to the Purchase Agreement, Medexus US delivered up-front cash consideration of approximately US\$30 million to the Vendor at closing (inclusive of approximately US\$9.5 million of working capital acquired) and is required to make certain deferred payments on net sales of IXINITY® in an amount equal to (i) 2% of net sales until the earlier of (x) the completion of the ongoing U.S. pediatric trial in respect of IXINITY, and (y) June 30, 2022, and (ii) 5% of net sales thereafter until March 1, 2035. In addition, the Purchase Agreement requires Medexus US to make certain milestone payments upon IXINITY®'s receipt of Canadian and European regulatory approval in each of Germany, France, Spain, Italy and the United Kingdom and upon IXINITY® achieving worldwide annual net sales of US\$120 million, if achieved by March 1, 2035.

New Credit Facility

Concurrently with the closing of the Acquisition, the Company entered into a definitive credit agreement with a syndicate of lenders (the “**Lenders**”) agented by MidCap Financial, in respect to a US\$20 million secured term loan (the “**Term Loan**”), having a term of 40 months.

The Company and its active subsidiaries (including Aptevo BioTherapeutics LLC) are the borrowers under the Term Loan. Each borrower is jointly and severally liable for all obligations of all borrowers under the Term Loan. The Term Loan is secured by a first-priority security interest in all existing and after-acquired assets of the Company and each other borrower. Borrowings under the Term Loan bear interest at an annual rate of one-month LIBOR plus 6.5%, subject to a LIBOR floor of 1.50%. Interest on the outstanding balance of the Term Loan is payable monthly in arrears.

The Term Loan was used by the Company to fund a portion of the purchase price of the Acquisition and to pay transaction fees in connection therewith.

In connection with the Term Loan, subject to receipt of final acceptance by the TSX Venture Exchange (the “**TSXV**”), the Company will also grant to the Lenders warrants to purchase that number of common shares in the capital of the Company (“**Common Shares**”) equal to 2.00% of the amount funded under the Term Loan, converted to the CAD equivalent based on the Bank of Canada noon exchange rate divided by the exercise price (the “**Exercise Price**”). The Exercise Price will be equal to today’s closing price of the Common Shares on the TSXV. The Lender warrants will expire concurrently with maturity of the Term Loan.

About Medexus Pharmaceuticals Inc.

Medexus is a leading specialty pharmaceutical company with a strong North American commercial platform. The Company’s vision is to provide the best healthcare products to healthcare professionals and patients, through our core values of Quality, Innovation, Customer Service and Teamwork. Medexus is focused on the therapeutic areas of auto-immune disease and pediatrics. The leading products are Rasuvo™ and Metoject®, a unique formulation of methotrexate (auto-pen and pre-filled syringe) designed to treat rheumatoid arthritis and other auto-immune diseases; and Rupall™, an innovative allergy medication with a unique mode of action.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Statements

Certain statements made in this press release contain forward-looking information within the meaning of applicable securities laws (“**forward-looking statements**”). The words “anticipates,” “believes,” “expects,” “will,” and similar expressions are often intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Specific forward-looking statements contained in this press release include, but are not limited to, statements with respect to the expected synergies of the Acquisition and statements regarding expected impact of the Acquisition on the Company’s Adjusted EBITDA. These statements are based on factors or

assumptions that were applied in drawing a conclusion or making a forecast or projection, including assumptions based on historical trends, current conditions and expected future developments. Since forward-looking statements relate to future events and conditions, by their very nature they require making assumptions and involve inherent risks and uncertainties. The Company cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that actual results may differ materially from the expectations set out in the forward-looking statements. Material risk factors include those set out in the Company's MD&A under the heading "Risk Factors and Risk Management" and elsewhere in the Company's other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time. Given these risks, undue reliance should not be placed on these forward-looking statements, which apply only as of the date hereof. Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statements to reflect new information, subsequent or otherwise.

¹ The Company uses both International Financial Reporting Standards ("**IFRS**") and certain non-IFRS measures to assess performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to any similar measures presented by other companies. Non-IFRS measures, as presented herein include adjusted earnings before interest, tax, depreciation and amortization ("**Adjusted EBITDA**"). Please refer to the section entitled "Cautionary Note Regarding Non-IFRS Financial Measures" in the Company's most recent management discussion and analysis ("**MD&A**") filed under SEDAR profile at www.sedar.com for the definition and historical reconciliation to the most comparable IFRS measure.



Source: Medexus Pharmaceuticals Inc