August 11, 2020

# Medexus Pharmaceuticals Reports Record Revenue of $27.5 Million and $5.0 Million of Adjusted EBITDA* for the First Quarter of Fiscal 2021

*Strong organic growth across all key product lines, including recently acquired IXINITY®*

*Generated $4.1 million of cash flow from operations*

*Management to host conference call at 8:00 AM ET on Wednesday, August 12, 2020*

TORONTO, CHICAGO and MONTREAL, Aug. 11, 2020 (GLOBE NEWSWIRE) -- **Medexus Pharmaceuticals Inc. (the "Company" or "Medexus") (TSXV: MDP, OTCQX: PDDPF)** today provided a business update and announced its financial and operating results for the three-month period ended June 30, 2020. All dollar amounts below are in Canadian dollars unless specified otherwise.

**First quarter fiscal 2021 financial highlights:**

- Revenue increased to $27.5 million compared to $16.1 million for Q1 of fiscal 2020, driven by growth in IXINITY®, Rasuvo®, Metoject® and Rupall™
- Adjusted EBITDA* increased to $5.0 million compared to $0.5 million for the same period last year; see *"Reconciliation of Adjusted EBITDA to Net Income (Loss)".*This is also an increase over the $4.2 million in Adjusted EBITDA* achieved in the prior quarter, the three-month period ended March 31, 2020.
- Cash provided by operating activities was of $4.1 million, compared to cash used by operating activities of $0.3 million for the same period last year.
- Selling and administrative expenses as a percentage of revenue has decreased to 41.4%, from 65.1% for the same period last year, as the Company continues to leverage its platform and significantly increase its revenue with only modest increases to operating expenses.
- Achieved operating income of $1.6 million, compared to an operating loss of $1.1 million for the same period last year.
- Available liquidity of $14.5 million at June 30, 2020, compared to $7.4 million at March 31, 2020.

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "We achieved record revenue and adjusted EBITDA* of $27.5 million and $5.0 million, respectively, for the three months ended June 30, 2020, compared to $16.1 million and $0.5 million, respectively, for the same period last year. In addition to our year-over-year growth, both revenue and adjusted EBITDA* increased sequentially versus the three months ended March 31, 2020,

which also included revenue from IXINITY®. This year-over-year and sequential improvement was driven by the strong performance of our core products, IXINITY®, Rasuvo®, Metoject® and Rupall™, each of which continues to achieve strong organic growth despite the ongoing COVID-19 pandemic. Additionally, with the acquisition of IXINITY in the USA, we are further leveraging our existing commercial infrastructure and our SG&A has meaningfully declined as a percentage of revenues to just 41% this quarter, versus 65% for the same period last year. As a result, we generated $4.1 million of cash flow from operations during the quarter. At the same time, we continue to strengthen our balance sheet with available liquidity of $14.5 million at June 30, 2020, compared to $7.4 million at March 31, 2020."

"We continue to take steps to ensure the safety of our personnel, while at the same time, our sales teams have remained productive by finding new ways to connect with clinicians and patients during the ongoing COVID-19 pandemic. Overall, we have built a highly scalable business model and continue to actively evaluate additional products and potential accretive acquisitions that would enable us to further leverage our North American commercial infrastructure."

**Operational highlights**:**

- **Triamcinolone Hexacetonide ("TH"):** On April 8, 2020, the Company announced that the pan-Canadian Pharmaceutical Alliance (pCPA) price negotiations for Triamcinolone Hexacetonide Injectable Suspension 20mg/mL (TH) in Canada have been completed with expected public reimbursement to roll out in the respective provinces over the coming months.
- **US$20 Million Asset-Based Credit Facility:** On May 7, the Company announced that it entered into a definitive credit agreement with a syndicate of lenders agented by MidCap Financial Trust ("MidCap Financial") in respect to a secured asset-based revolving credit facility with a term of 38 months (the "ABL Facility") featuring a US$20 million revolving commitment (subject to the borrowing base) and an uncommitted US$10 million accordion. Borrowings under the ABL Facility bear interest at a rate of one-month LIBOR plus 3.95%, subject to a LIBOR floor of 1.50%. Interest is payable monthly in arrears on the first business day of each month. The initial advance under the ABL Facility was used by the Company to repay US$10 million of the principal amount outstanding under the US$20 million secured term loan entered into by the Borrowers on February 28, 2020 (the "Term Loan"). The interest rate on amounts outstanding under the ABL Facility is 255 basis points lower than that of the Term Loan. After such repayment, approximately US$10 million principal amount remains outstanding under the Term Loan.
- **OTCQX:** On August 4, 2020, the Company qualified to trade on the OTCQX® Best Market and was upgraded to the OTCQX from the OTCQB® Venture Market and continues to trade on the TSX Venture Exchange.

**Operating and Financial Results Summary**

Total revenue reached $27.5 million for the three-month period ended June 30, 2020, compared to revenue of $16.1 million for the three-month period ended June 30, 2019. The increase was mainly due to the acquisition of IXINITY® as well as organic growth of the Company's key products.

Gross profit reached $15.0 million for the three-month period ended June 30, 2020, compared to gross profit of $9.9 million for the three-month period ended June 30, 2019. The gross margin was 54.4% for the three-month period ended June 30, 2020, compared to 61.4% for the three-month period ended June 30, 2019. The lower gross margin for the current period is due, in part, to the 2020 Acquisition of IXINITY, which has a lower gross margin than the Company's other key products.

Operating income for the three-month period ended June 30, 2020, was $1.6 million, compared to an operating loss of $1.1 million for the three-month period ended June 30, 2019.

Adjusted EBITDA* for the three-month period ended June 30, 2020 was $5.0 million compared to $0.5 million for the three-month period ended June 30, 2019.

Net Loss for the three-month period ended June 30, 2020 was $4.8 million, compared to $2.2 million for the three-month period ended June 30, 2019.

The Company's financial statements and management discussion and analysis ("MD&A") for the period ended June 30, 2020 are available on our corporate website at www.medexus.com and in our corporate filings on SEDAR at www.sedar.com.

* *Refer to "Non-IFRS Financial Measures" at the end of this press release.*
** *Refer to "Cautionary Note Regarding Comparative Financial Information" at the end of this press release.*

**Conference Call Details**

Medexus will host a conference call at 8:00 AM Eastern Time on Wednesday, August 12, 2020 to discuss the Company's financial results for the fiscal 2021 first quarter ended June 30, 2020, as well as the Company's corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 844-602-0380 for Canadian and U.S. callers or +1 862-298-0970 for international callers, or on the Company's Investor Events section of the website: https://www.medexus.com/en_US/investors/news-events.

A webcast replay will be available on the Company's Investor Events section of the website (https://www.medexus.com/en_US/investors/news-events) through November 12, 2020. A telephone replay of the call will be available approximately one hour following the call, through August 19, 2020, and can be accessed by dialing 877-481-4010 for Canadian and U.S. callers or +1 919-882-2331 for international callers and entering conference ID: 36502.

**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 Pharmaceuticals is focused on the therapeutic areas of auto-immune disease, hematology and allergy. The Company's 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; IXINITY®, 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; and Rupall®, an innovative prescription allergy medication with a unique mode of action.

**For more information, please contact:**

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**Cautionary Note Regarding Comparative Financial Information**

On February 28, 2020, the Company announced that Medexus Pharma, Inc. ("Medexus US") completed another major acquisition (the "IXINITY® Acquisition") in acquiring a Delaware limited liability company, which owns the worldwide rights to the commercial hematology asset, IXINITY®, for up-front cash consideration of approximately US$30 million.

Accordingly, readers are cautioned that while certain financial information included herein for, and comparisons to, prior periods have been presented in this press release, changes from a pre-IXINITY® Acquisition period to a post-IXINITY® Acquisition period may, in the opinion of management, be of limited value in understanding changes to the financial condition, financial performance, or business of the Company from period to period given the transformative nature of the IXINITY® Acquisition. Readers are advised that the comparative information included in this press release for the three-month period ended June 30, 2019, includes certain pre-IXINITY® Acquisition results for the Company (i.e., the comparative information for such periods consists of results prior to February 28, 2020 which

reflect only the pre-IXINITY® Acquisition results for the Company and results subsequent to February 28, 2020 which reflect the consolidated results of the Company post-IXINITY® Acquisition).

**Forward Looking Statements**

Certain statements made in this press release contain forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking information includes statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates", "believes" "could", "expects", "forecasts", "intends", "may", "projects", "will" and "vision") which are not historical facts. More specifically, forward-information in this press release includes, but is not limited to, information contained in statements with respect to: the Company's future expectations regarding growth and revenues; expected benefits from the 2020 Acquisition; the Company's business strategy; the Company's business outlook and other expectations regarding cash flow of the combined companies and strength of balance sheet; statements with respect to the Company's ability to drive value for shareholders; statements with respect to future business operation and results, including with respect to future earnings and the Company's evaluation of additional opportunities to license or acquire accretive products; the Company's ability to leverage its existing infrastructure in the United States and Canada; the anticipated results of Phase 4 clinical trial for IXINITY®; the anticipated benefits deriving from an approval for public reimbursement of TH in certain jurisdictions in Canada; and the anticipated results of the Gleolan application to Health Canada. 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 referred to 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.

**Non-IFRS Financial Measures**

This press release uses the term "Adjusted EBITDA" which is a non-IFRS financial measure, which does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. In particular, management uses Adjusted EBITDA as a measure of the Company's performance. The

Company defines Adjusted EBITDA as earnings before financing and special transaction costs (including, for greater certainty, fees related to the transactions and financing announced on October 16, 2018 and February 28, 2020, as discussed herein), interest expenses, income taxes, interest income, depreciation of property and equipment, amortization of intangible assets, non-cash share-based compensation, income from sale of asset, gain or loss on the convertible debenture embedded derivative, foreign exchange gains or losses, termination benefits, and impairment of intangible assets. The Company considers Adjusted EBITDA as a key metric in assessing business performance and considers Adjusted EBITDA to be an important measure of operating performance and cash flow, providing useful information to investors and analysts. This non-IFRS measure is not intended to represent cash provided by operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. Additional information relating to the use of this non-IFRS measure, including the reconciliation of Adjusted EBITDA to Net Income (Loss), can be found in our MD&A, which is available through the SEDAR website (www.sedar.com).


Source: Medexus Pharmaceuticals Inc