July 8, 2019

Medexus Pharmaceuticals Announces Operating and Financial Results for Fourth Quarter and Full Fiscal Year Ended March 31, 2019

Generated $2.4 million of Adjusted EBITDA for fiscal year 2019

Medexus management to host conference call at 4:30 PM ET on July 8, 2019

MONTREAL, July 08, 2019 (GLOBE NEWSWIRE) -- **Medexus Pharmaceuticals Inc. (the "Company" or "Medexus") (TSXV: MDP, OTCQB: PDDPF)** today provided a business update and announced its financial and operating results for the fourth quarter and fiscal year ended March 31, 2019. All dollar amounts below are in Canadian dollars.

Fourth quarter fiscal 2019 financial highlights:

- Revenue was $12.7 million compared to $2.1 million for Q4 2018
- Gross profit was $7.5 million compared to $0.9 million for Q4 2018
- Gross margin was 58.5% compared to 40.9% for Q4 2018
- Adjusted EBITDA was $0.1 million compared to ($1.1 million) for Q4 2018

Fiscal year 2019 financial highlights:

- Revenue was $33.9 million compared to $10.0 million for fiscal 2018
- Gross profit was $20.0 million compared to $5.0 million for fiscal 2018
- Gross margin was 59.1% compared to 50.4% for fiscal 2018
- Adjusted EBITDA[1] was $2.4 million compared to ($2.3 million) for fiscal 2018
- Finished the year with cash and cash equivalents of $29.2 million as of March 31, 2019 compared to $3.6 million as of March 31, 2018
- Working capital surplus as of March 31, 2019 was $32.7 million compared to $4.8 million as of March 31, 2018

The above comparisons of the Q4 2019 and fiscal year 2019 results are to the Company's results for Q4 2018 and the fiscal year 2018, respectively, which are reported periods prior to the completion of the transformative acquisitions of Medexus Inc. and Medac Pharma, Inc. (the "**Acquisitions**").

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "We have made exceptional progress as an organization since the completion of the Company's transformative transactions in the fall of 2018 when we merged the businesses of Pediapharm Inc., Medexus Inc. and Medac Pharma, Inc. I am pleased to report we generated strong revenue growth for the fiscal fourth quarter, which was ahead of

expectations given the typical seasonality of our business. For the full year, sales increased 238%, reflecting both the mergers and strong organic growth across much of the Company's product portfolio. We also generated positive Adjusted EBITDA of $2.4 million for the full year versus negative $2.3 million in fiscal 2018. Overall, we have a built a strong commercial platform and are now well positioned as a leading North American specialty pharmaceutical company with a diversified portfolio."

Operational highlights:

- **Launch of Metoject®** - On May 1, 2019, the Company launched a new Metoject Subcutaneous 15mg dose in Canada for the treatment of rheumatoid arthritis, psoriasis and psoriatic arthritis. The new 15mg dose of Metoject Subcutaneous is an important addition to the Metoject line the Company currently has in Canada and the Company expects this dose to be a significant portion of our Metoject volume going forward. Metoject is now publicly reimbursed in Canada and has experienced unit sales growth of 319% in Q4 2019 as compared to Q4 2018, and 293% unit sales growth in the twelve-month period ended March 31, 2019 compared to the same period last year.[2]

- **Rasuvo™ Growth in Unit Sales** – Sales in units of Rasuvo increased by approximately 5% in Q4 2019 as compared to Q4 2018, and by 14% in the twelve-month period ended March 31, 2019 compared to the same period last year.[3] The Company is planning to launch additional methotrexate products for the treatment of rheumatoid arthritis and other auto-immune diseases built around unique delivery methods. The registration process for one of these products is taking longer than anticipated. In the meantime, we continue to explore other next generation products and have initiated work on a product intended to better address the needs of patients currently treated with methotrexate.

- **Rupall™ Growth in Units Sales -** Rupall has experienced very strong unit sales growth, increasing by approximately 77% in Q4 2019 as compared to Q4 2018, and by 109% in the twelve-month period ended March 31, 2019 compared to the same period last year.[4]

- **Authorization by Health Canada to Distribute Treosulfan** - During the fiscal fourth quarter, the Company was granted authorization by Health Canada to distribute Treosulfan under the Special Access Program and is now shipping to hospitals across Canada. The Company expects to expand distribution of Treosulfan in Canada once the product has received approval as a fully registered product and believes that this further validates the Company's ability to leverage the combined product portfolios and our North American sales force.

- **Exclusive Canadian Distribution Rights for Gliolan®** - On March 4, 2019, the Company obtained exclusive rights in Canada to market and distribute Gliolan®, which assists neurosurgeons to better visualize and more completely remove malignant brain tumors (gliomas) by causing them to become fluorescent and glow during surgery. We continue to receive positive feedback from the medical community on this product and have witnessed a strong market uptake.

Ken d'Entremont further commented that: "We are excited about the opportunities within our portfolio of products. We continue to experience strong year-over-year growth and we are very optimistic in respect of the new fiscal year. We also have $29.2 million of cash and cash equivalents and a working capital surplus of approximately $32.7 million, which means we are well funded to continue our organic growth, license new products, as well as explore opportunistic acquisitions. We also recently announced a normal course issuer bid, which we expect will reduce the number of shares outstanding and increase the earnings per share, which we believe will help further drive shareholder value."

Operating and Financial Results Summary

For the three months ended March 31, 2019, total revenue reached $12,744,602 compared to revenue of $2,103,439 for the three months ended March 31, 2018. Gross profit for the three months ended March 31, 2019 was $7,461,237, or 58.5% of sales, compared to $860,694, or 40.9% of sales, for the same period last year. Operating loss for the three months ended March 31, 2019 was ($2,029,195) compared to ($1,204,949) for the three months ended March 31, 2018.

There was an additional $282,298 of expenses related to the Acquisitions and the related capital raise in October 2018 (the "**Offering**"). Excluding transaction-related expenses and all amortization included in cost of goods sold, the result would have been an operating loss of approximately $450,000.

Adjusted EBITDA[5] for the three-month period ended March 31, 2019 was $105,127 compared to ($1,119,984) for the three-month period ended March 31, 2018.

The improvements in fourth quarter revenue, gross profit and Adjusted EBITDA compared to the same period in the prior year are mainly due to the Acquisitions, as well as the increase in gross profit driven by the increase in revenue from the products belonging to the Company pre and post-Acquisitions.

For the fiscal year ended March 31, 2019, total revenue reached $33,864,028 compared with revenue of $10,009,167 for the full year ended March 31, 2018, representing an increase of $23,854,861. Gross profit for the year ended March 31, 2019 was $20,005,314, or 59.1% of sales, compared to $5,041,626 or 50.4% of sales, for the same period last year. Operating loss for the year ended March 31, 2019 was ($5,864,702) compared to ($2,835,105) for the year ended March 31, 2018. There were $4.8 million of expenses related to the Acquisitions and Offering. Excluding transaction-related expenses and all amortization included in cost of goods sold, the result would have been an operating income of over $1.5 million. Adjusted EBITDA for the year-ended March 31, 2019 was $2,406,617 compared to ($2,312,498) for the year-ended March 31, 2018.

The improvements in annual revenue, gross profit and Adjusted EBITDA compared to the prior year are mainly due to the income generated from the Acquisitions, as well as the increase in gross profit driven by the increase in revenue from the Company's product portfolio prior to and after the Acquisitions and Offering.

The Company's financial statements and management discussion and analysis ("MD&A") for the period ended March 31, 2019 are available on our corporate website at www.medexus.com and in our corporate filings on SEDAR atwww.sedar.com.

Conference Call Details

Medexus will host a conference call on Monday, July 8, 2019 at 4:30 PM Eastern Time to discuss the Company's financial results for the fourth quarter and fiscal year-ended March 31, 2019, as well as the Company's corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 877-407-0778 for Canadian and U.S. callers or +1 201-689-8565 for international callers, or on the Company's Investor Events section of the website: https://www.medexus.com/events/.

A webcast replay will be available on the Company's Investor Events section of the website (https://www.medexus.com/events/) through October 2, 2019. A telephone replay of the call will be available approximately one hour following the call, through July 9, 2019, 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: 49555.

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.

For more information, please contact:

Ken d'Entremont, Chief Executive Officer
Medexus Pharmaceuticals Inc.
Tel.: 905-676-0003
E-mail: ken.dentremont@medexus.com

Roland Boivin, Chief Financial Officer
Medexus Pharmaceuticals Inc.
Tel.: 514-762-2626 ext. 202
E-mail: roland.boivin@medexus.com

Investor Relations (U.S.):
Crescendo Communications, LLC
Tel: +1-212-671-1020
Email: mdp@crescendo-ir.com

Investor Relations (Canada):
Frank Candido
Direct Financial Strategies and Communication Inc.
Tel: 514-969-5530
E-mail: frank.candido@medexus.com

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. including but not limited to, statements with respect to future business operation and results, including with respect to future profitability and financial results. Specific forward-looking statements contained in this news release includes, but is not limited to, statements with respect to future business operation and results, including with respect to future profitability and financial results. 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 most recent MD&A, future capital requirements and dilution; intellectual property protection and infringement risks; competition (including potential for generic competition); reliance on key management personnel; the Company's ability to implement its business plan; the Company's ability to leverage its United States and Canadian infrastructure to promote additional growth, including with respect to the infrastructure of Medexus Inc. and Medac Pharma, Inc. and the potential benefits the Company expects to derive therefrom, regulatory approval by the Canadian health authorities; product reimbursement by third party payers; patent litigation or patent expiry; litigation risk; stock price volatility; government regulation; potential third party claims. 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 under IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. The Company defines Adjusted EBITDA as earnings before financing costs, 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, impairment of intangible assets as well as fees related to the Acquisitions and Offering. 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. These non-IFRS measures presented

are 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 between Net Loss and Adjusted EBITDA, can be found in our MD&A for the period ended March 31, 2019, which is available through the SEDAR website (www.sedar.com).

[1] *Please refer to Non-IFRS Financial Measures at the end of this document for further details.*

[2] *Source: IQVIA – TSA National units.*

[3] *Source: SHA PHAST.*

[4] Source: IQVIA – Drugstores and hospitals purchases.

[5] *Please refer to Non-IFRS Financial Measures at the end of this document for further details.*

MEDEXUS PHARMA
Medexus Pharmaceuticals Inc.

Source: Medexus Pharmaceuticals Inc