August 22, 2019

Medexus Pharmaceuticals Reports Operating and Financial Results for the First Quarter of Fiscal 2020

Record Revenue of $16.1 Million

$0.5 million of Adjusted EBITDA

Medexus management to host conference call at 4:30 PM ET on Thursday, August 22, 2019

TORONTO and CHICAGO and MONTREAL, Aug. 22, 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 fiscal quarter ended June 30, 2019. All dollar amounts below are in Canadian dollars.

Financial highlights[1]:

- Revenue was $16.1 million compared to $3.2 million for the fiscal quarter ended June 30, 2018 (Q1 2019)
- Gross profit was $9.9 million compared to $1.7 million for Q1 2019
- Gross margin was 61.4% compared to 53.5% for Q1 2019
- Adjusted EBITDA[2] was $0.5 million compared to ($0.3 million) for Q1 2019 (net loss of $2.2 million compared to $0.7 million for Q1 2019)
- The Company finished the quarter with cash and cash equivalents of $27.4 million

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "I am pleased to report we generated strong year-over-year revenue growth for the first fiscal quarter of 2020. Revenue increased by $12.9 million versus the same period last year, which increase is reflective of both the October 2018 acquisitions and strong organic growth. Importantly, we saw strong growth in each of the key product categories. We were particularly pleased to have achieved positive adjusted EBITDA[2] despite incurring incremental expenses related to the sales and marketing ramp-up for the allergy season, as well as our investment in a development project aimed at reformulating an existing FDA-approved product for use in the field of rheumatology. We believe this reformulated product will be complementary and accretive to our existing product portfolio, while at the same time delivering true innovation to address unmet patient needs. We believe these activities will support strong performance in the second quarter and for the balance of the year."

Operational highlights:

- **Launch of Metoject® 15mg** - 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 offered in Canada, and management expects this dose to be a significant portion of our Metoject sales volume going forward. Metoject Subcutaneous 15mg is currently the third leading dose in terms of sales volume in the Company's Metoject portfolio. Metoject experienced unit market demand growth of 122% in Q1 2020 as compared to Q1 2019.[3] Metoject is now publicly reimbursed in Canada, which allows access for a large group of patients who previously could not access the product.

- **Rasuvo™ Demand Growth** – market demand of Rasuvo units increased by approximately 14% in Q1 2020 as compared to Q1 2019.[4] This growth reflects strong payor, prescriber and patient acceptance for Rasuvo in the United States. This growth is expected to continue as prescribers adopt the most effective and convenient form of methotrexate for their patients. Management believes the Company is positioned as an emerging leader in the methotrexate auto-injector market.

- **Rupall™ Demand Growth –** market demand of Rupall units has shown very strong growth, increasing by 68% in Q1 2020 as compared to Q1 2019.[5] This growth was a result of physicians switching patients from either the generic prescription antihistamines or over-the-counter products. The Company expects Rupall to be a leading prescription anti-histamine in a total market that is valued at $131.4 million, including $42.6 million from the prescription market, which is growing at annual rate of 17%.[6] During the three months ended June 30, 2019, Rupall was the fastest growing anti-histamine in the prescription market.[7]

Ken d'Entremont further commented, "We are excited about the growth opportunities for the existing products within our portfolio. As a result, we are very positive about the outlook for fiscal 2020 as we continue to grow revenue and leverage our North American sales force across products, while maintaining strict financial discipline with respect to expenses. We had $27.4 million of cash and cash equivalents and a working capital surplus of approximately $31.1 million as of June 30, 2019, which means we are well funded to continue our organic growth, license new products, as well as explore opportunistic acquisitions."

"We are very pleased with the way the team has come together and we are confident that they have built a highly scalable business platform with significant incremental earnings potential this year and in the future" said Peter van der Velden, Chair of the Company's board of directors. Mr. van der Velden added, "Reflecting that confidence in the future growth of the Company and the board's and management's view that the shares of the Company do not reflect their fundamental value, the Company also implemented a normal course issuer bid, pursuant to which the Company has purchased 198,000 of its common shares for cancellation."

Operating and Financial Results Summary

For the three months ended June 30, 2019, total revenues were $16.1 million, compared to revenue of $3.2 million for the three months ended June 30, 2018. Gross profit for the three months ended June 30, 2019 was $9.9 million, or 61.4% of sales, compared to $1.7 million,

or 53.5% of sales, for the same period last year. The operating loss for the three months ended June 30, 2019 was $1.1 million compared to $0.4 million for the three months ended June 30, 2018.

In line with our strategy to develop new products that complement our existing product portfolio and deliver true innovation to address unmet patient needs, during the quarter the Company incurred $0.4 million of expenses related to the aforementioned reformulation of a product for use in the field of rheumatology.

Adjusted EBITDA[2] for the three-month period ended June 30, 2019 was $0.5 million compared to ($0.3 million) for the three-month period ended June 30, 2018. Net Loss for the three-month period ended June 30, 2019 was $2.2 million for Q1 2019 compared to $0.7 million for the three-month period ended June 30, 2018.

For the three-month period ended June 30, 2019, gross profit reached $9.9 million compared to $1.7 million for the three months ended June 30, 2018. Gross margin increased to 61.4% compared to 53.5% for the same period last year due to higher gross margins derived from the products acquired as part of the Acquisitions (as defined below).

The improvements in first quarter revenue, gross profit and Adjusted EBITDA[2] 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 Company's pre and post-Acquisitions products.

The Company's financial statements and management discussion and analysis ("MD&A") for the period ended June 30, 2019 are available on our corporate website at www.medexus.com and in our corporate filings on SEDAR at www.sedar.com.

Conference Call Details

Medexus will host a conference call on Thursday, August 22, 2019 at 4:30 PM Eastern Time to discuss the Company's financial results for the first quarter of fiscal 2020, as well as the Company's corporate progress and other developments.

The conference call will be available via telephone by dialing toll free 844-369-8770 for Canadian and U.S. callers or +1 862-298-0840 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 November 22, 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: 53404.

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

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Cautionary Note Regarding Comparative Financial Information

On October 16, 2018, the Company (under its former name, Pediapharm Inc.) completed two transformative acquisitions (the "**Acquisitions**") in acquiring of all the issued and outstanding shares of Medexus Inc. ("**Medexus Canada**") and Medexus Pharma, Inc. (under its former name, Medac Pharma, Inc.) ("**Medexus US**") and, subsequently, on December 12, 2018, changed its name to "Medexus Pharmaceuticals Inc.".

As the three-month period ended June 30, 2019 is within the first full year of operation since the Company completed the Acquisitions, 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-Acquisitions period to a post-Acquisitions 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 Acquisitions. Readers are advised that the comparative information included in this press release for the three month period ended June 30, 2018 reflects only the unaudited pre-Acquisitions results for Pediapharm Inc., whereas information provided as at and for the three-month period ended June 30, 2019 reflects the unaudited

consolidated results of the post-Acquisitions Company, including the acquired entities (Medexus Canada and Medexus US).

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 future business operation and results, including with respect to future earnings, the anticipated growth in sales of, and the market for, certain of the Company's products, and expected purchases pursuant to the Company's normal course issuer bid. 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.

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, which is available through the SEDAR website (www.sedar.com).

[1] Refer to “Cautionary Note Regarding Comparative Financial Information” at the end of this press release.

[2] Refer to “Non-IFRS Financial Measures” at the end of this press release.

[3] Source: IQVIA – TSA National units.

[4] Source: Symphony Sub National 6/30/2019 Data & Chargebacks, PAP.

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

[6] Source: IMS Data-MAT June 2018.

[7] Source: IQVIA: CDH units – FQTR June 2019.

Source: Medexus Pharmaceuticals Inc