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

Q2 2019 Metoject™ unit market demand increased 115%[1];
Rasuvo™ unit market demand increased 15%[2]; and
Rupall™ unit market demand increased 66%[3]

Medexus management to host conference call at 8:00 AM ET on Monday, December 2, 2019

TORONTO and CHICAGO and MONTREAL, Nov. 29, 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 three- and six-month periods ended September 30, 2019. All dollar amounts below are in Canadian dollars.

Q2 2020 Financial highlights*:

- Revenue was $16.4 million compared to $3.4 million for the fiscal quarter ended September 30, 2018 (Q2 2019)
- Gross profit was $9.6 million compared to $1.9 million for Q2 2019
- Gross margin was 58.6% compared to 53.8% for Q2 2019
- Adjusted EBITDA** was $0.5 million compared to $0.5 million for Q2 2019
- Net income was $0.7 million compared to net loss of $3.6 million for Q2 2019
- The Company finished the quarter with cash and cash equivalents of $25.4 million
- 282,400 common shares were purchased pursuant to the Company's normal course issuer bid (NCIB) during the quarter for aggregate consideration of $1.1 million

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

Ken d'Entremont, Chief Executive Officer of Medexus, commented, "We achieved record revenue of $16.4 million for the three months ended September 30, 2019, compared to $3.4 million for the same period last year. This improvement reflects continued unit sales growth, as well as the increased scale of the Company as a result of the acquisitions completed in October 2018. Specifically, Metoject® unit market demand increased 115% [1], Rasuvo™ unit market demand increased 15%[2], and Rupall™ unit market demand increased 66%[3] over the same period last year. Despite the growing demand and unit sales growth for our products, net revenue for Rasuvo™ was impacted by the consolidation of several payers in the United

States market, resulting in increased discounts and a reduction in the net selling price. We did not anticipate the pricing impact of this consolidation, which is industry wide and not unique to Medexus. The Company continues to analyze and monitor the impact of the consolidation and is considering the alternatives available to it to address the price reduction. We nevertheless anticipate sustained growth of Rasuvo™ units going forward, and plan to leverage our strong U.S. sales force by introducing new products through this channel, which we believe has the potential to drive significant value for shareholders going forward."

Mr. d'Entremont continued, "Within the Canadian market, Metoject® continues to benefit from the initiation of public reimbursement in a number of provinces across Canada. At the same time, Rupall™ continues to gain market share versus generic anti-histamines. I am also pleased to report that Gliolan® was recently granted priority review status by Health Canada, which should significantly accelerate our path to approval. This follows the recent draft recommendation for public reimbursement of Gliolan® in Ontario by Health Quality Ontario. Once Gliolan® becomes a fully registered product, we expect it to gain much broader distribution in Canada, which represents a sizeable, underserved market opportunity. In the meantime, feedback from the medical community has been extremely positive."

Mr. d'Entremont concluded, "Despite the impact on the margins of Rasuvo from the consolidation of payers in the U.S. market, we have experienced strong unit sales growth and continue to generate positive cash flow from operations. Looking ahead, we have built a highly scalable organization and look forward to leveraging our North American sales force by licensing additional products and through accretive acquisitions. As a result, we remain encouraged by the outlook for fiscal 2020, as illustrated by the fact we have repurchased over 600,000 shares year-to-date under the Company's normal course issuer bid. At the same time, we have maintained a solid balance sheet with $25.4 million of cash and cash equivalents, as well as a working capital surplus of approximately $29.4 million as of September 30, 2019."

Operational highlights:

- **Metoject® Demand Growth** - Metoject experienced strong unit market demand growth of 115%[1] in Q2 2020 as compared to Q2 2019. This is a continuing trend that has improved as we add additional strengths, like the 15 mg dose. 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 15%[2] in Q2 2020 as compared to Q2 2019. This growth reflects strong payer, prescriber and patient acceptance for Rasuvo™ in the United States. Management expects this growth 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 66%[3] in Q2 2020 as compared to Q2 2019. 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%[4]. During the three and six months ended September 30, 2019, Rupall™ was the fastest growing anti-histamine in the prescription market[5].

Operating and Financial Results Summary

For the three months ended September 30, 2019, total revenues were $16.4 million, compared to revenue of $3.4 million for the three months ended September 30, 2018. Gross profit for the three months ended September 30, 2019 was $9.6 million, or 58.6% of sales, compared to $1.9 million, or 53.8% of sales, for the same period last year. The improvements in second quarter revenue and gross profit 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, which impacts were partially offset by the consolidation of the Company's payers in the US market, resulting in an increase in discounts given and a reduction in net selling price for Rasuvo.

The operating loss for the three months ended September 30, 2019 was $1.3 million compared to $3.3 million for the three months ended September 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 $0.2 million of expenses related to the reformulation of a product for use in the field of rheumatology.

Adjusted EBITDA** was $0.5 million for the three-month period ended September 30, 2019 and September 30, 2018. Net income for the three-month period ended September 30, 2019 was $0.7 million for Q2 2020 compared to net loss of $3.6 million for the three-month period ended September 30, 2018. Net income for the three-month period ended September 30, 2019 included a $4.3 million unrealized gain on the fair value of derivatives.

Under the Company's normal course issuer bid (NCIB) it purchased and cancelled: (i) 282,400 common shares in the market for consideration of $1.1 million during the three-month period ended September 30, 2019, (ii) 418,000 common shares in the market for consideration of $1.8 million during the six-month period ended September 30, 2019, and (iii) an additional 185,700 common shares in the market for consideration of $0.8 million during the month ended October 31, 2019.

For the six months ended September 30, 2019, total revenues were $32.5 million, compared to revenue of $6.7 million for the six months ended September 30, 2018. Gross profit for the six months ended September 30, 2019 was $19.5 million, or 60.0% of sales, compared to $3.6 million, or 53.6% of sales, for the same period last year. The improvements in six-month revenue and gross profit 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, which impacts were partially offset by the price impact of the payer consolidation described above.

The operating loss for the six months ended September 30, 2019 was $2.4 million compared to $3.7 million for the six months ended September 30, 2018. Adjusted EBITDA**

for the six-month period ended September 30, 2019 was $1.0 million compared to $0.2 million for the six-month period ended September 30, 2018. Net loss for the six-month period ended September 30, 2019 was $1.5 million compared to $4.3 million for the six-month period ended September 30, 2018. Net loss for the six-month period ended September 30, 2019 included a $5.0 million unrealized gain on the fair value of derivatives.

The Company's financial statements and management discussion and analysis ("MD&A") for the three months and six months ended September 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 Monday, December 2, 2019 at 8:00 AM Eastern Time to discuss the Company's financial results for the second 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/investors/news-events.

A webcast replay will be available on the Company's Investor Events section of the website (https://www.medexus.com/investors/news-events) through March 2, 2020. A telephone replay of the call will be available approximately one hour following the call, through December 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: 56859.

[1] Source: IQVIA – TSA National units.
[2] Source: Symphony Sub National 9/30/2019 Data & Chargebacks., PAP.
[3] Source: IQVIA – Drugstores and hospitals purchases.
[4] Source: IMS Data-MAT June 2018.
[5] Source: IQVIA: CDH units – FQTR September 2019.

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.

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 September 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 September 30, 2018 reflects only the unaudited pre-Acquisitions results for Pediapharm Inc., whereas information provided as at and for the three-month period ended September 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).

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